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# Maclean's



CHINA'S  
RELENTLESS  
CRACKDOWN

## ACID RAIN: CAN IT BE STOPPED?

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# Maclean's

CANADA'S WEEKLY NEWSMAGAZINE JUNE 24, 1997 VOL. 102 NO. 24

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## COVER

### FIGHTING ACID RAIN

After more than a decade of lobbying, Canadian officials and environmentalists finally saw results. President George Bush last week introduced amendments to the Clean Air Act that could cut by about half the acid-rain-causing emissions from the United States each year—if implemented by Congress. But powerful U.S. lobby groups have vowed to fight the amendments. —10



## WORLD

### CRACKDOWN IN CHINA

The Chinese government hunted for leaders of the prodemocracy movement who had escaped the Tiananmen Square massacre and fled into hiding. By week's end, at least 1,000 had been arrested. And in Ottawa, Canadian officials confirmed that a number of Chinese diplomats had defected. —18



## FILMS

### SUMMER OF SUPERHEROES

New summer movies starring Batman, Indiana Jones, the ghostbusters, the Karate Kid and the Star Trek crew are squaring off in a box-office tournament of the Hollywood gladiators. The latest Indiana Jones adventure captured \$125 million in three weeks, but Batman promises to be a serious contender. —19





## LETTERS

### THE ULTIMATE INDIGNITY

Regarding your cover package on Toronto's National stadium ("Play Ball!"), June 18: "Play ball!" indeed. "Play stupid!" is how I'd characterize Toronto's new approach to sport and irresponsibility. Traffic congestion alone will traumatize the downtown core of Canada's great city. The SkyDome executives all that is wrong with our priorities, calculate the money while the ice, water and earth suffer ultimate indignity.

Monahan for Toronto

### PREPOSTEROUS SUGGESTION

In "A trade show with a difference" (Opening Notes, June 18), you informed readers about the Comex and Operational Procurement Exhibition in Baltimore, mentioning that military officers from "repressive states" attended. Among these states, you included Peru, which is an absolutely preposterous suggestion. In Peru all liberties are fully restored, and its democratic system represents the will of the vast majority of Peruvians. Of course, any democracy must defend itself by every legal means against the scourge of terrorism, but a "repressive state" means something totally different.

Jaey Gordillo,  
Ambassador of Peru,  
Ottawa

### SUFFERING INCONVENIENCE

Several things bug me about the "toons" letter ("A toons" review, Behaviour, June 18). First, "toons" is the latest currency when a step toward human republic status. Second, I find the publicized denials of the federal government's stance in view of the reasonable alternatives available have better-quality paper for the back, most 50-cent pieces, circulate both coin and paper dollars. Third, the savings are minuscule. The \$175 million over 30 years works out to about 67 cents per year for each of the roughly 12 million working Canadians. For that I am resigned to the inconvenience and indignity of the toons!

Joseph Z. Bohn,  
Roussell

If one of the reasons that the toons was introduced is that it is more affordable for the blind, how about \$2, \$5 and \$10 bills? Why don't we do what the Dutch do and just raised dots on our paper money? That way the blind would know right away what they had and we could leave our paper bills and ignore auditors. Deborah Dawan,  
Calgary



SkyDome: sport and irresponsibility

### ROMANTIC STEREOTYPES

Regarding "Why should Israel trust the Palestinians" (Column, June 18), Barbara Ansel apparently thinks it is harder nowadays to restrain the Arab Not on the evidence makes it easier. The work in the occupied territories, like the Warsaw Ghetto uprising, is the stuff that legends are made of. The Alamo's courage of the children of the stones has

redefined the world. If any stereotype has been tested, it is that of the invincible Israeli soldier.

Shir M. Krenner,  
Calgary

### AFRAID OF THE NEIGHBORS?

After reading "Toons by the truckload" (Column, May 30), I was disgusted not only with the American companies that are bringing the chemical wastes into Canada but with the Canadian government. The fact that it took two years for the government to act on allegations that U.S. companies were dumping hazardous chemical wastes with fuel to be used in Canada is astounding. The United States has long been Canada's friendly neighbor. If my neighbor brought toxic chemicals into my yard, I would sue him. Why is it that the government seems to be afraid of the American companies? Our environment is not something that can be replicated. If we don't take control now, we may all end up living in bubbles, or out at all.

Mary Alford,  
Victoria

Letters are edited and may be condensed. Writers should specify name, address and telephone number. Most correspondence letters are held for 90 days. Please send SASEs. Please print name, address and telephone number. Please send SASEs. Please print name, address and telephone number. Please send SASEs.

## PASSAGES

**DEAD** War hero Charles Rutherford, 90, Canada's last surviving First World War Victoria Cross-winner, is in Ottawa hospital. The Colborne, Ont. area native earned the British Empire's highest award for bravery when, during a campaign near the River Somme on Aug. 26, 1918, he single-handedly captured 45 German soldiers who were guarding the town of Monchy-lez-Pons in northeastern France. A lieutenant in the 3rd Canadian Division, Rutherford was awarded a cross when he was awarded upon the enemy and persuaded them that they were surrounded. The two-week-old veteran was one of Canada's most decorated soldiers, having earned 12 other military medals.



**DEAD** Principal Royal Winnipeg police officer David Ferguson, 34, whose place he was plotting crashed into a glacier in Alaska, along with his younger brother and a Miwok woman. The deaths of the Whitehorse, Ferguson, means just. Two months after the company's artistic director, Nancy Jarrisse, 48, and his wife died in an automobile accident.

**DEAD** Howard Sorenson, 60, former Washington Post managing editor, who helped direct the paper's Pulitzer Prize-winning investigation into the Watergate scandal that led to President Richard Nixon's resignation in 1974 of pancreatic cancer, in a Jacksonville Beach, Fla., hospice.

**APPOINTED:** Editor-in-chief of the Montreal Gazette, Norman Webster, 44, the

editor-in-chief of the Toronto Globe and Mail for five years will be widely publicized firing by publisher Roy McManis in January, by the Southern Inc. newspaper chain. Southern also appointed Ottawa City publisher Russell Mills, 44, as its new newspaper group president.

**DEAD** Franz Altkorn, 62, the human star of Kojak, Fray and Olan, the TV puppet show that debuted children in the 1940s and 1950s, of heart murmur disease, in hospital near Los Angeles, Calif., home.

**DEAD** Lawyer Pierre Gosselin, 59, legal counsel and spokesman for Ontario Hydro and a senior adviser to Jean Chrétien in 1980 and 1981 when Chrétien was minister of justice, after a week. One a year of illness, at his home in Toronto.

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# OPENING NOTES

Imelda Marcos bursts into song, Graham Greene pans Hollywood, and outdoorsmen turn to an Avon bath oil

## HISSES FOR HOLLYWOOD

Graham Greene has had a bumpy relationship with the movie business: many of his 34 novels have been made into films, but the author of a new biography rebukes the cinema "book that American producers rule the invention of an author." Norman Sherry, who wrote the recently published *The Life of Graham Greene*, Volume One, told *MovieLine* that the novelist is particularly critical of the 1947 film *The Night*. Director John Ford adapted the movie from Greene's *The Power and the Glory*, a novel that revolves around a guilt-ridden, alcoholic priest who has fathered an illegitimate child—but who finds the courage to fight against repression in Mexico. Still, said Sherry, "when Hollywood people get that book, they decided that the priest could not have an illegitimate child. By 'cleaning it up' they destroyed the whole meaning and significance of that brilliant novel." And according to Sherry, Greene's a capricious appraisal of *Beyond the Limit*, a 1953 film version of the *Henry James* novel.

Greene: most directors have ruined his best work



Photo © 1990 by David H. Mathis

## Misreading Canadian love letters

Maximal building contractor Michel Barre, 48, married his wife, 406, 1906/200 home after her—and including a plaque with the words "Vila Miro" near the driveway, and the priest arranged the service in the Greek church, because Miro is a nickname used by Denise Laro, a Greek Prime Minister's daughter. From that sister-in-law, Sherry's *Greene* says, and Tzoumis, an Athens-based weekly newspaper, noted that the Vila Miro was Pope John's Canadian love note. The newspaper's June 1 edition then compounded that error by placing the letter in Metropolitan Toronto—where Papadopoulos once

thought wrong: Laro was married to the St. Lawrence River." So why is Greek newspaper bearing Canadian news?



Papadopoulos with Laro: jumping to conclusions

## SOFT, SMOOTH AND BUG-FREE

Avon Canada Inc. with Skin-Sol's hair has been used to advertise such common problems as dry, itchy skin. But sometimes sales of the product have boomed since 1961, through word-of-mouth endorsement: the oil is also an effective insect repellent. Magazine ads for the door-to-door sales company now describe the oil as "Canada's best-kept secret"—but sell it not mention its bug-fighting powers. Said Avon spokesman Francis de Palma: "Every Eskimo in Canada knows about its natural qualities, but we still think of it as a bath oil."

## Spies who work in the library

The Central Intelligence Agency employs 15,000 people worldwide and burns 40 tons of paper each day at its Langley, Va., headquarters as part of U.S. intelligence-gathering efforts, costing about \$30 billion yearly. But its recent speech in Washington, presidential adviser Robert Mayer revealed that 95 per cent of that amount went to collect and analyze information from such easily accessible sources as newspapers, technical publications and the public services. Only five per cent was spent acquiring secret information. Clearly, modern spies need reading glasses for more than chalk and daggles.



The Marcoses: a former first lady helps out some piano bar stragglers

## SINGING ALONG WITH IMELDA

Dressed Philippine president Ferdinand Marcos is critically ill in a Manila hospital, but his wife has something to sing about. Imelda Marcos has compiled a 12-number cassette containing several of her husband's favorite songs. Along with Filipino singer Isabella Papa, the former first lady belts out such piano-bar standards as *Twelve and I Just Called in Say I Love You* on a tape that the two women released on June 13. Philippine Independence Day, Imelda Marcos often sang for appreciative visitors at Manila.

calling Palace in Manila before a 1984 spring break the couple took to the Philippines. The cassette was clearly good therapy for her 71-year-old husband, who recently underwent prostate surgery. Said Marcos spokesman Francisco Trinidad: "His eyes lit up and his vital signs improved for a bit." Still, some neighbors note the couple's Manila retreat have taken a tough stance toward Imelda's singing career they have complained that her practice sessions are too loud.

## CLEANING UP ON A NATURAL DISASTER

The March 24 grounding of the Exxon Valdez oil tanker off the coast of Alaska has had one unusual side effect: it generated worldwide publicity for a little-known weekly newsletter. Indeed, the editor of the Massachusetts-based *Oil Spill Intelligence Report* said that the 11-year-old report's circulation has risen considerably from a base of 400 subscribers, each of whom pays \$372 yearly to receive the four-page publication. Said Amy Stoltz: "People who need to know about oil spills buy all oil companies, shipping companies, cleaning companies, environmentalists, environmental lawyers and governments." Added Stoltz, who has conducted numerous media interviews during the past three months: "The Alaska spill has been good for business." Even environmental disasters can have silver linings.

## Pulling the plug

Ayatollah Ruhollah Khomeini's edict in June 2 prompted three Toronto radio stations to withdraw an ad for Mag-



Khomeini: no commercials

## Redheads only, please

Young girls with long, red hair and freckles are a specialty at Prince Edward Island, another Japanese film crew has arrived to shoot. Some of Green Gables' history. Certainly, Lucy Maud Montgomery's high-spirited heroine has been popular with generations of Japanese schoolchildren. And now a life-size version of her Green Gables home will become the main attraction at a Canadian World, a Japanese-owned theme park that is scheduled to open in the northern clime of Hokkaido this fall. As a result, the 12th Japanese production crew to visit Prince Edward Island during the past two years has auditioned more than 20 girls between 10 and 12 years of age. The crew's objective: to find a "red-haired Anne" for the park's new Japanese park on Japanese television. Maud Montgomery's red-haired heroine has a few more redheads to choose from.

Actress Megan Follows as Anne: dye

avon-the-Lake's Silver Festival that lasted at the head an leader's condemnation of author Salman Rushdie. Executives at radio stations CHFM, CFMT and CFMT-FM said that they did so out of respect for local Muslims. But ad creator Marc Giacomelli said that the spot had run for three weeks—with no complaints. Said Giacomelli: "It is still censorship."



Photo © 1990 by David H. Mathis

# In time for Canada Day, Maclean's will present "A Portrait of Two Nations," the most complete comparative picture of Canadians and Americans ever painted.

**T**he historic Free Trade Agreement will bring Canadians and Americans closer together and it makes it vital that we know each other better. It's now necessary to know what we really think of each other, of personal rights, the environment, government, immigration, crime, our interrelated economies and other important issues.

And you'll get the whole story—plus the big picture—of current Canadian and American attitudes and relationships in the July 3 Maclean's, "A Portrait of Two Nations," an issue based on the first simultaneous poll of Canadians and Americans.

Maclean's Editor Kevin Doyle, Project Editor Angela Ferrante and a team of writers, reporters, photographers, and researchers will produce a thorough report. In fact, it will be so thorough that the July 3 issue (available the week of June 26) will contain primarily of this in-depth look at those north and south of our border.

Never before has Maclean's dedicated so many editorial pages of a regular issue to a single subject. But, then, never before has a single subject warranted such attention.

"A Portrait of Two Nations" will be a masterpiece of information and analysis. Don't miss it!

CANADA'S WEEKLY NEWSMAGAZINE

## Maclean's

### ANOTHER VIEW



## Watergate Envy: it's a scandal

BY CHARLES GORDON

**I**f we really want a national identity we can tell our men we should at least learn to talk about Canadian political scandals in Canadian terms. Right now, we don't. Our politicians—raged or shy on personality—have an acute case of what might be called Watergate Envy. Despite the fact that our scandals have nothing to do with tape recordings and burglaries, the Canadian air surrounds with hints of covering, stonewalling, smoking guns. No matter how complicated the event, the only question asked in the House of Commons is a variant of the old Watergate one: What did he know and when did he know it?

The current furore over the Wilson budget looks a lot like the most recent one ignored. When the second budget leak was discovered and when several men, including a television reporter, were charged, opposition politicians forgot all about the budget. They also forgot everything they had ever learned about their country's rich tradition of political stonewalling in order to make Watergate money for the camera. The media, of course, played their lack for the nightly news.

"Mr. Speaker," said John Turner, "the government is not only engaged in a cover-up, it is also stonewalling its own Canadians."

"I remember Bill May's Words," said Louis St. Laurent of the day, just before Mr. Speaker interrupted him. "I remember Richard Nixon."

Stepping up his attack, Turner condemned the government for, among other things, "negligence, stupidity, dishonesty, misrepresentation, political manipulation and covering."

The temptation to create another "Anastasia" is understandable. Watergate was one terrific political scandal. Any admission were level, some want to get rid of the president resigned. But this, our experience, members seem to have forgotten, was 15 years ago, and 10 years is at least two generations in political terms. There will be more than one voter out

*Watergate was one terrific political scandal. But it was 15 years ago, and we have had our own great made-in-Canada scandals*

there in 1989 who does not know that Rose Mary Woods was Richard Nixon's secretary, and there may even be somebody who does not fully appreciate the link between Nixon and the leak of a federal budget.

Perchance missing this, a couple of friends tried to jump a more contemporary link. Unfortunately, it was webmaster American-Nelson Ross of the site asked Don Mazourek, "Can the deputy prime minister identify who the Ollie North is?" The answer, of course, is no. Ollie North was the name of the man who was shown in cover up and not inform the minister of finance during Queen's Speech.

Liberals too had the audacity "I say to the deputy prime minister," said Don Mazourek of the Liberals, "Thank you very much, Sir Col Ollie Mac."

The Watergate of Michael Wilson intersected with the charges against Doug Lewis of Global Television. "I just want to remind the House," said John Huscovet of the Liberals, "that Woodward and Bernstein were not charged in the Watergate affair." Staying primarily close in Canada, Harvard then added, "Neither some journalists who reported leaks of provincial budgets in both Ontario and Quebec."

His members used the word "cover-up" to

rather a dozen times in that week and found rather a 10-minute gap in a two-hour one depending upon which news member was doing the feeding. The reference was partly in the tone slipping before the Prime Minister was told of the second leak but also in the 18 minutes of time during which he was asked by Rose Mary Woods about the Watergate scandal.

But, members were not alone in their Watergate Envy. They had the active complicity of the news media, particularly television, which made sure that the comments couched in Watergate terminology got on the news. It appears that the media used a Canadian Watergate just as much as the opposition parties do.

But why? Can anybody seriously believe that Don Mazourek is Ollie North? Or that Brian Mulroney is Richard Nixon or, for that matter, that Doug Lewis is Woodward and Bernstein? Our scandals are not like those scandals, and it is stupid to try to make them appear so just because there seems to be a terrible noise.

We should not feel inferior because we do not have Watergate. We should not apologize for our scandals. We have had a transcontinental railway built on scandal. We have had cabinet ministers caught doing with a woman who may have been a spy. We have had a defence minister resign after visiting a strip club. We have had Ontario budget documents found in a garbage can. We have had a Quebec cabinet minister opening from Eaton's with a coat he had not bought. Who needs Woodward and Bernstein? Who needs Rose Mary Woods?

Canada has seen scandals involving pipelines, drug fish, fur trade, airport duty-free shops, an aircraft carrier, a film, an abortion, a prison break and a hair-bearing—all in the process to the usual standards of honesty, sex, patronage, real estate and nepotism. Who needs Richard Nixon? Who needs Ollie North?

A few members of Parliament may be conscious of the need to use Canadian references in discussing Canadian scandals. These include a Liberal from Indiana, after hearing the Prime Minister's refusal to ask for Michael Wilson's resignation, and "Mr. Speaker, that is what they said about Vladimir Breznev, too." It is not exactly clear what she meant but it is possible that someone showing some patriotism.

Three things have to be done to avert the Watergate of Canada and set us back on the path to made-in-Canada scandals. First, the news media have to stop changing to cover stonewalling, covering up and Ollie North. Secondly, ordinary Canadians have to stop being politicians and Canadians were for all those bad things politicians do. Perhaps we could have more instead of stonewalling, misrepresentation, covering up and Ollie North. In the interest of investigations, we could have more of spies. Transcripts instead of Tompkins would be our Canadian scandal.

Finally, we should be conscious of our own shortcomings. When scandals happen in the House, our politicians should forget Nixon and Bush and spend more time with our own heroes, of Ollie North and Sir John A. and others too numerous to mention.

In such matters, we need take a back seat to no one.

Charles Gordon is a columnist with The Ottawa Citizen.

# READY TO RUN

On the day of his resignation from the House of Commons in February 1986, Jean Chrétien told a friend that he was leaving politics because, after 23 years in Ottawa, he had almost run out of challenges. Under former Liberal prime ministers Lester Pearson and Pierre Trudeau, the self-applied "little guy" from Stawell, Que., had occupied right cabinet positions, including the senior portfolio of finance, justice and external affairs. Under Chrétien, "What jobs there left for me to do—minister of national revenue?" In reality, Chrétien's sights remained firmly fixed on the job that had eluded his grasp: that of prime minister. More than three years later, Chrétien—now a 55-year-old corporate lawyer—bodes his time in a quietly furnished, senior office only two blocks from Parliament Hill, waiting anxiously for the moment when he will resume publicly the quest for political power that has consumed almost his entire adult life.

Chrétien's years of waiting may seem forever. On Saturday, the national executive of the Liberal party announced that it would hold a leadership convention in Calgary next year from June 22 to 24. The convention will choose a successor to John Turner, who defeated Chrétien for the leadership in 1984. Chrétien's refusal to run was a general election. The outcome of Saturday's meeting represented a setback for Chrétien, whose supporters had lobbied heavily for the leadership convention in the fall. The result, however, does show that the sceptic, unimpeachable populist is now far and away the favorite among those who appear likely to enter the leadership race. Still, Chrétien's advisers insist that their candidate's chances would not be hurt by the executive's decision. And that point of view gained support from Winnipeg's *Winnipeg Free Press*. "For the past two years, Chrétien has consistently been the most popular Liberal in the country," said Reid. "Not only is he maintaining his lead, he seems to be gaining momentum."

The question now is whether Chrétien can hang on to his low-key status throughout the course of a year-long leadership campaign, particularly if Ontario Premier David Peterson enters the race (page 14). As in 1984, many grassroots Liberals say that they like and admire Chrétien but divide whether he has the intellectual depth and administrative skills to be prime minister. His hostility to the *Milieu* (environmental issues) which recognizes Quebec as a "distinct society," may hurt his

## AFTER YEARS OF WAITING, JEAN CHRETIEN IS POISED TO RESUME HIS QUEST FOR POLITICAL POWER



Sharp's a somewhat different Jean Chrétien

chances among some Quebec Liberals who are wary of Chrétien's strong federalist views (page 12). At the same time, in spite of his impressive record of public service, Chrétien's age has been a point of suspicion in power-hungry opponents. Within the party he tried to dispense him in "yesterday's suit," suggesting that he is out of touch with the ultraliberal economic policies of the Trinarians. "The days when governments could spend freely and ignore the deficit are long gone," declared Paddy Gibbons, 42, a Vancouver businessman and member of the National Women's Liberal Association. Gibbons said that she has not decided who she will support for the leadership but she added "I think it is critical

that we elect someone who has a vision of Canada for the 1990s and beyond. If all Mr. Chrétien wants to do is to retire past glories, he can forget it."

Chrétien himself is keenly aware of his own shortcomings as a candidate. Partly in an effort to avoid events, he has tried to maintain a low profile and has declined to give interviews or accept the leadership race in formal media way. As well, his advisers say that he is determined to wear a different kind of campaign than he did in 1984, when he appealed to party loyalty and tradition by casting himself as the guardian of the Tronion legacy. As the acknowledged underdog, the personable and experienced Chrétien easily became the sentimental favorite among delegates. The Chrétien's impassioned speeches and private pleas for national unity could not overcome his own weaknesses, the widespread perception that he has no vision of his own. "We have been talking to Jean about his image problem, and I think he is aware that some people view him as superficial," said Maxwell Sharp, a former Liberal finance minister who now works with Chrétien as his Ottawa official of Lang, McEwen, a Bay Street law firm. "I think we are going to see emerging in the leadership race a somewhat different Jean Chrétien than in the past. He does not have to change his style, he has to change the content."

To prepare for the race, Chrétien's advisers have organized a series of closed-door policy briefings for him in Ottawa, Montreal and Toronto on subjects as diverse as environmental trade, education, law, and science and technology. Still, Ottawa lawyer Edward Goldenberg, Chrétien's longtime adviser, "Rather than spending all of his time building a campaign organization, we are concentrating on ensuring that he is conversant with the major issues of the day." Since what led to his election during a briefing for Chrétien in Ottawa last month on foreign affairs and defence, said that the system generally left him hours and involve him in six aspects, is critical for their help. Chrétien's advisers promise participants that they cannot will not be made public. "We are looking for the best possible advantage to each field regardless of their political affiliation," Sharp said. "I tell people that we are not necessarily always going to support Chrétien. We just think he needs a bit more



Chrétien: undeniable popularity despite charges that he is 'yesterday's man'

election so that he can gain more confidence as these fields. Anyway, we will have an opportunity to discuss public policy with a man who could be prime minister in a few years."

In another departure from his 1984 campaign style, Chrétien hopes to connect Liberals that he is a politician with ideas for the future rather than the defender of past policies. Still Edward Langley, a former Liberal cabinet member who is now a director of Burns Fry Ltd., a Toronto law firm, "Chrétien had a tough time in 1984 because he felt that he should not criticize policies that were approved when he was in cabinet. Things will be much easier for him this time because he will be running as an outsider."

Chrétien's advisers are particularly sensitive about the charge that Chrétien represents small-M liberal economic policies that are un-

derstood to a time of increased global competition and monetary liberalization. As a result, they go out of their way to insist that the former finance minister is a responsible administrator who understands the importance of fiscal restraint and is sympathetic to the needs of the business community. "Jean is not an interventionist," Sharp said. "We know that this is not a time for grand new spending programs, that the debt is crucial and that it has to be controlled."

In fact, Chrétien cast his vote as record as Treasury Board president, from 1974 to 1978, an evidence that he has the capacity to make unpopular decisions. At the time, Chrétien earned the nickname "De No" by voting more than \$1 billion from federal spending later, in spite of his public image as a left-leaning minister, Chrétien defended the at-

## National Notes

### NURSES ON STRIKE

An hour 20 hospitals in British Columbia confronted a strike by nurses, part of a renewed provincial worklock at 17,500 that threatened to escalate violence in support of demands for higher health care and health care workers. At work and, while crews were maintaining emergency services, negotiations had not started.

### BOMBING IN THE NORTH

Defence Minister William McLaughlin announced government approval for low-level training flights by U.S. bombers over sparsely populated parts of the Canadian North. Some leaders and opposition have cautioned the fight on the grounds that they will disrupt wildlife.

### REVIVING AN INQUIRY

The Manitoba government wanted new judicial legislation to re-establish an inquiry into the administration of justice in the province. On June 1, the Manitoba Court of Appeal ordered the inquiry should because the cabinet order that established it was in English only.

### REINVEST ELECTION

Quebec provincial police find gun gas and need a further to remove a roadblock to free 27 senior officers and three civilians being held in the Montserrat hotel. The Montreal had gone to the measure to investigate an alleged employment insurance fraud scheme.

### ANGER IN NEWFOUNDLAND

Newfoundlanders took the opportunity to express their anger at the Roman Catholic Church as a church-sponsored conference held three public meetings in St. John's. A series was also scheduled in the province. Sixteen priests and lay members have been charged with sexual offences against boys over the past 15 years.

### PROFITS IN THE HAIL

Canada Post announced that in 1984-1985 it had made a profit of \$46 million—the first for the postal office in 30 years. Officers who had said that over the past few years they expected profits to total as much as \$400 million. In 1981, when the post office was made into a Crown corporation, it had a deficit of \$800 million.

### VIA'S BOMBS

Via Rail president Ron Lawton said that there will be no large cuts to passenger train service in 1986. Via has had \$100 million off this year from its government subsidy of \$64 million.



case of business and encouraged foreign investment in the grounds that it would create jobs. "Just need to remind people that governments do not create wealth," recalled a former deputy minister who worked closely with Chrétien during his years in cabinet. "He was often impatient with the bureaucracy because he thought it was in the way of individual enterprise."

At the same time, Chrétien will have to defend himself against charges that he failed to demonstrate sufficient loyalty during Turner's tenure as leader. "He vacated the ship when it was sinking," said Constance Iley, a minister of the party's national executive who lives in Montreal. P.E.I. has an uncommitted delegate, and she voted for Chrétien at the 1994 leadership convention but will probably not do so again. "For me, the last straw was when Chrétien refused to come on board during last year's election campaign. He should have put aside his diffidence with the leader for the good of the party."

Among other Liberals, however, Chrétien's reputation as a strict-must paper for outwitting any opponent about his loyalty to Turner. "He came across as an obsequious guy who has done well," said Delynn Collins, a social worker from Estevan, Sask., who sits on the national executive council and said she supported Turner in 1994 but is now "leaning toward" Chrétien. "He is someone I identify with because he fights for the little guy." For her part, former party president Ivo Coppagano, who has said he would support Montreal MP Paul Maclean Jr. for the leadership, added



Maclean: other possible contenders lagging behind

that Chrétien remains popular in part because for years he has travelled the country to raise money and deliver speeches on behalf of other Liberals. Said Coppagano: "When I first ran for Parliament in 1974, Chrétien was the only

member in the government who travelled to my riding in northern British Columbia. People remember that Jean always worked hard in the field when he was needed."

Chrétien will likely reap the benefits of that work when the leadership race officially gets under way. Undergoing his enduring popularity, a Gallup poll conducted last month suggested that 43 per cent of Canadians—and 51 per cent of Quebecers—supported Chrétien. And among those who declared themselves to be Liberal party supporters, 54 per cent said that they would support a leadership bid by Chrétien, well ahead of the next most popular choice, Derek Patterson, who led 21 per cent of the support.

For Chrétien, the current situation is in sharp contrast to the underdog position he occupied throughout the 1994 leadership campaign. At the time, the five-terrace minister told Maclean's that he preferred to be in second place, adding, "I don't want to be in first right now—70 rallies have Turner ahead so that he can cut the wind for me." This time, it is Chrétien who holds a commanding lead. As such, he will likely be a stronger target for attacks from other leadership contenders—and, his advisers suggest, from media. "Politicians tend to become less and less popular the more people see of them," Sharp said. "I suppose Jean could suffer the same fate if he becomes overexposed." The danger is a problem that Chrétien's rivals for the leadership can only hope.

ROSS LAYZER with BRUCE WALLACE in Ottawa

## TROUBLE ON THE QUEBEC FRONT

They are both Quebecers and have known each other throughout their political lives. But Jean Chrétien and Quebec Premier Robert Bourassa represent fundamentally different strains of Canada: Bourassa and his personal Liberal party have insisted much of their political career on the Meech Lake constitutional accord, which if ratified by next year, will give the province special status to defend its French language and culture. But Chrétien cautions one of the deal's toughest critics, claiming that it would weaken the Canadian federation. That debate has kindled several private arguments between the two men since the accord was signed. And now the disagreement is emerging as a serious obstacle to Chrétien's quest for the federal Liberal leadership.

Such men are the electoral word to de-

scribe their personal relationship—"avid." But many cabinet members of Quebec's political elite—at both the federal and provincial levels—are wary of Chrétien's constitutional position, which they see as well being, look the Ottawa-Quebec City confrontation that characterized Pierre Trudeau's years in power. At a private all-party conference last June 4, Bourassa said that he would try to change Chrétien's constitutional views "if Mr. Chrétien is prepared to listen." But Bourassa also warned that unless Chrétien softened his constitutional stance, he would splinter provincial Liberal activists toward his opponent. In fact, many provincial Liberals are already backing other leadership candidates, notably Montreal MP Paul Martin Jr., who supports the accord.

For his part, Chrétien points to his continued popularity in Quebec: public opinion polls at a

point where Chrétien has kept pace with the increasingly polarized Senate of Quebec politics in the province, then from bombing his leadership. They point to the success of Chrétien's Quebec stance—namely the promise of former Trudeau cabinet minister Marc Lalonde, who represents the old school of Liberal federalism—is a sign that Chrétien has not reneged his views since the early 1980s.

And already, cracks have appeared in Chrétien's Quebec opposition. Quebec businessmen continue to insist that Michel Gauthier, a powerful Montreal politician, is a key member of their team. But Gauthier, who plans to return from Quebec's National Assembly at the end of this month, has told Chrétien himself that he has no intention of playing a role in the leadership campaign.

That may be an indication Chrétien's Quebec opposition is exaggerating its support, and that Quebec delegates to a convention are still up for grabs.

BRUCE WALLACE in Ottawa

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CANADA

## The rest of the pack

Chrétien's possible rivals weigh their odds

David Peterson has often told friends that he has the second-best job in Canada. Certainly among politicians, only Prime Minister Brian Mulroney beats a more prestigious title than the premier of the country's wealthiest and most populous province. And despite a flurry of recent controversies over the fuel-rising activities of some party members, Peterson's current position appears unassailable. His Liberal party holds 54 of the 133 seats in the Ontario legislature—far more than the Progressive Conservatives 17—and its mandate does not

give a convention to choose the next leader until June next year. Observed David MacNaughton, a Toronto-based adviser to Peterson and a former president of the Liberal party in Ontario, "Peterson would be a very serious contender. But he doesn't want to spend 26 years in opposition." At the same time, the decision to hold a later convention will also give several other issues—such as the time to raise their profiles with delegates—and voters—across the country. Although no contenders have yet made their candidacies official, half a dozen Liberals acknowledge that



Bourassa (left), Peterson: a stream of advisers courting the Ontario premier

a race until 1992. Still, almost since John Turner announced his resignation on May 3, a steady stream of advisers have been urging the 42-year-old Peterson to leave his secure position at the top of provincial politics in order to pursue the federal leadership—and the post of leader of the official opposition, which comes with no guarantee that he would ever become prime minister. Among those who have actively endorsed a Peterson candidacy is fellow Liberal Robert Bourassa. Said the Quebec premier earlier this month: "Peterson would be a very good candidate." So far, Peterson has kept his attention to himself. But for other aspirants to Turner's job, even the chance of a Peterson candidacy cannot be ignored.

According to some people close to the Ontario premier, the possibility that he will win the federal seat edged closer to reality when the party's executive committee voted to pre-

pare a convention to choose the next leader until June next year. Observed David MacNaughton, a Toronto-based adviser to Peterson and a former president of the Liberal party in Ontario, "Peterson would be a very serious contender. But he doesn't want to spend 26 years in opposition." At the same time, the decision to hold a later convention will also give several other issues—such as the time to raise their profiles with delegates—and voters—across the country. Although no contenders have yet made their candidacies official, half a dozen Liberals acknowledge that

they are carefully assessing their potential support for a run at the party's top job. Aside from the acknowledged candidate to beat, John Chrétien, the other possible contenders include 10th Lloyd Newkirk of Winnipeg, Paul Martin of Montreal, Sheila Copps of Hamilton, Dennis Mills and John Nantais of Toronto, Brian Tobin of Newfoundland and former Quebec environment minister Clifford Lincoln, who resigned from Bourassa's cabinet in December in protest over the government's restrictive liquor legislation.

Of these, however, several may delay a decision until they know whether Peterson will also be in the race. Aspirants with beans in Ontario are particularly eager about confronting the popular premier in a contest for delegates support. One of them is Newkirk, a strong opponent of abortion who says that he has been urged by several anti-abortion groups to represent their views at a leadership race. Said the

Toronto MP, "Peterson is fairly ambitious. His intention is to bring a lot of people to stay central." Copps, who placed a strong second to Peterson in the 1985 provincial leadership campaign, is regarded as a possible candidate even if Peterson also runs. But it could be as quiet as the Lake Meacham and Mills—who for a time worked in the Prime Minister's Office during the Pierre Trudeau years—Copps may have difficulty attracting organizers away from Peterson's well-oiled political machine.

At the same time, Peterson's high profile would clearly give him an edge over other potential candidates vying for delegate support as the leading alternative to Chrétien. In a poll released earlier this month, Gallup Canada Inc. reported that 11 per cent of self-declared Liberal supporters favored Peterson to succeed Turner, placing him well behind Chrétien (54 per cent) but ahead of Newkirk (5 per cent), Martin (5 per cent), Copps (3 per cent) and Tobin (3 per cent). Many Liberal observers add that Martin, who earlier this year was widely regarded as Chrétien's strongest challenger, has not yet managed to develop an adequate national profile. But his supporters say that it is far too early to dismiss his chances. Said Jonathan Schneiderman, president of the Young Liberals of Canada and a Martin backer: "He is not picking it up. It is not a popularity contest that is going to elect a few weeks."

Peterson may be dogged outside Ontario by lingering regional resentment directed against the prosperous province—and the fact that only one province has ever become prime minister. Still, Peterson supports the notion that he is better placed than Chrétien to offer the federal party leadership. Possibly even more significant for Peterson's prospects is his support for the Meech Lake accord—Chrétien is a strict critic of the constitutional agreement. That support could attract the sizable number of Quebec Liberals who leave the accord because it recognizes the province as a "distinct society."

Still, many party members are eager to see other contenders enter the race. Said Lloyd Newkirk, president of the Liberal Women's Association: "There is pressure to get regional candidates in the race. On the second ballot, they can play lightning." Whether such regional candidates will be able to mount serious campaigns against the three-term, however, is a matter of debate in Liberal circles. New Brunswick Premier Frank McKenna, for one, has voiced open skepticism about the prospects facing a candidate from either the West or the East. Speaking early this month at a gathering of mayors and township meeting chairs in Saint John, McKenna snarled with obvious displeasure, "I am not so sure you will find a national leader in the Liberal party outside Ontario or Quebec." Certainly, as any contest that featured both the passionate, anti-Meech Chrétien and the reserved, pro-Meech Peterson, other aspirants to John Turner's office would need all these energies to command a share of the attention.

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# Hi-tech disagreements

A senator is named in a legal wrangle

I began as a simple case of a disgraced businessman trying to recover an investment that seemed to have been lost. But over the weeks, it has developed into a political imbroglio for the advancement of both Prime Minister Brian Mulroney and Senator Thomas Francis Meagher. Last October, Tokyo-based Meagher, a Japanese businessman and philanthropist, filed a \$30-million lawsuit against Quebec entrepreneur Guy Montpetit, 46, to recover two loans—the first for \$9 million, the second for \$20 million—that he had made to two of Montpetit's companies. Thomas had tried to get the Quebec Superior Court to order Montpetit to repay the loans, but the court had ruled in favor of Montpetit, saying that the loans were not repayable.

The principle of confidentiality of a lawyer's dealing with his client—and he decided to comment on the trial when Meagher's contact had been made. And in Saskatchewan, the state has jumped an \$400 investigation, into the finances of another Montpetit company, Guyanese Transatlantic Systems Inc., and the role played by a senior provincial Tory who helped the Quebecers to secure a \$4-million provincial grant.

The events date from May, 1987, when



Cogger met Meagher during a \$30-million Montreal lawsuit

Montpetit had met some of the \$30 million partially guaranteed by a new computer technology company called Guyanese Corp. Inc., among other things, paying off a personal loan worth \$1 million and buying a \$2.5-million jet and a \$1.5-million house in Vancouver, B.C., a wealthy community on the western tip of the island of Vancouver. For his part, Montpetit responded to perjury charges for discovery that he had not valued the loan's terms until he had been paid the plane and computer home to enhance his status as a provincial industrialist. But by last week, after 14 days of court testimony, it was also clear that Montpetit's activities could have political implications in Ottawa and Quebec.

According to testimony given by Thomas, Montpetit had said some of the \$30 million to make what Thomas's accountant called "questionable" payments, including some to Senator Michel Coggier, a Montreal lawyer who began to represent Montpetit in 1985 and is also a longtime friend of Prime Minister Brian Mulroney. Among the allegations made by Thomas's lawyers in court, that Coggier acted improperly by accepting legal fees from Montpetit in exchange for promoting Montpetit's project to Mulroney's own circle of advisers while seeking approval of government grants for Montpetit. Coggier, who was appointed to the Senate by Mulroney in 1986, declined to answer most of the questions put to him by Thomas's lawyers when he was subpoenaed to appear at the perjury examinations—arguing

Thomas advanced the first instalment of the \$20 million to loan to one of the companies run by Montpetit—most of the Quebecers' companies have since had their assets seized by a court-appointed receiver on a notice by Thomas's lawyers. At that time, Montpetit was owing a \$40 million grant from the Canada-Quebec co-operation, a joint federal-provincial committee for industrial subsidies, to start up a silicon chip manufacturing firm. In his report to the court, a forensic accountant, who examined financial records, stated that Montpetit's loan and office used filed with the court and that Coggier killed Montpetit at least \$126,000 in fees. Montpetit had testified at the examinations for discovery that he had hired Coggier

at his lawyer to ensure that his request for funds reached the right levels. And according to a bulletin Coggier to Montpetit filed with the court, portions of Coggier's fees were for the decision that he had held in 1987 on Montpetit's behalf with Bernard Roy, Mulroney's personal secretary at the time, and Charles McMillan, then a senior adviser to Mulroney on matters such as high technology.

Thomas's lawyers closed a court that Montpetit allegedly used some of the \$20 million loan money to pay Coggier. Meanwhile, the federal provincial funding committee refused Montpetit's grant request in April, 1988. In fact, a confidential federal-provincial government report filed with the court said that a joint venture launched by Montpetit with government funding had failed to show a profit. By that time, however, Montpetit and Coggier had turned their attention to a new project in Saskatchewan. In the winter of February, 1988, Supreme Court ruling that some Saskatchewan statutes had to be in both official languages, the Quebec government said that it would begin providing some loans to French. Shortly after the ruling, Coggier contacted Kenneth Whistler, a well-connected Regina politician and occasional adviser to Mulroney. Whistler told Meagher that Coggier told him Montpetit had developed a computer software program that could translate English into French, and recommended that the provincial government help Montpetit establish a computer-translation firm in Saskatchewan.

Montpetit established the company, Genetec Translational Systems Inc., in May, 1988, after receiving a \$4-million grant from the province to transfer its activities. But by October, government officials had discovered that some of the loans had been transferred because of problems with the company's software—and that Montpetit had spent all of the \$4 million. The government then ordered an RCMP inquiry into the company's finances. One of the objects of the investigation is a \$146,000 interest-free loan that Montpetit made to Whistler.

That same month, Thomas filed his lawsuit against Montpetit. At the same time, Saskatchewan's previously owned Economic Development Corp. took over financial services of Guyanese, which has 22 employees. The provincial government has also brought in a linguistic expert to analyse whether the translation technology actually works. His conclusions are expected by the end of the month. If the system does not work, the government will close the firm.

Meanwhile, with proof of his contacts with the court, Montpetit responded to Thomas's lawyer by arguing during the examinations for discovery that Thomas's lawyer has generated him from paying the \$20 million. He also said that the initial \$9-million payment from Thomas was not a loan but an investment that he does not have to repay. Testimony in the lawsuit is likely to wind up by the end of the month—with a judgment expected by the fall.

PAUL KARELA with JON BURKE in Montreal and DALE BRADY in Regina

# "Couldn't make Jamaica this year, so we bought Gold instead."

# CRACKDOWN IN CHINA

**T**wo handwoven pictures—the first symbols of resistance before police ripped them down—floated haphazardly in the wind at Beijing University last week. One read: “I envy those who died, because they have completed their duty. I will never be free.” The other was a valentine to the leadership, perhaps thousands, who were massacred by the People’s Liberation Army during Beijing’s *Red Guard* days, June 4, and its aftermath. “You will always live in our hearts,” it said.

Meanwhile, throughout the vast nation, the hard line on those leaders of the prodemocracy movement—students and workers—who had incited the massacre and fled into hiding by week’s end, at least 1,000 had been arrested. And events continued at least 14 people to die. In Beijing, eight people were sentenced for “rioting” when the army swept into the capital to end protests. In Shanghai, death sentences were passed on three men accused of setting fire to a train that killed six people when it plowed into a group of demonstrators. As state, provincial governments, Tian Mia landed on state TV that selected Communist party chief Zhao Ziyang, a leading reformer, would soon be disciplined for “supporting the turmoil.”

As the revolution grew contained, China’s relations with the outside world became increasingly difficult. The hard-line regime expelled two U.S. journalists for depicting martial law capriciousness, and two British journalists for writing the terms of their tourist visas. And a presumed Washington to hand over China’s most prominent dissident, playwright Feng Luo, and his wife, Li Shaoxun, who took refuge in the U.S. Embassy on June 5. The American refused. Meanwhile, Canada’s ambassador to China, Eric Drieder, flew home for consultations—a diplomatic move carrying Ottawa’s avowal at the crackdown while providing the opportunity for an urgent review of Sino-Canadian relations. Before leaving Beijing, Drieder expressed deep disapproval over recent events. Referring to the executions issued by the economic reforms of the past decade, he admitted, “We really were naïve.” And in both Washington and Ottawa, government officials confirmed that an undisciplined

## THE LEADERSHIP PURSUES A PURGE OF DISSIDENTS AND CANADA RECALLS ITS AMBASSADOR

number of undisciplined Chinese diplomats had defected (page 33).

Throughout the week, the hard-line regime—pressing its nationwide hunt for the leaders of the protest movement—undressed a barrage of propaganda against those it character-



Li (left) and Peng: at the center of a diplomatic row

ized as counterrevolutionary “hugs.” Screen TV screened hours of videotape designed to show that troops were the victims—out the perpetrators—of the massacre. Day after day, the country’s television saw the faces of wailing persons, while announcers called on patriotic citizens to denounce the whereabouts of prodemocracy agitators. The campaign ap-

peared to be at least partly successful: from two hours after the line of Zhou Enlai’s provincial 22-year-old student leader, appeared on TV, his sister betrayed him to the authorities in the central city of Xian.

The television campaign was clearly intended to rive the millions of people—in chief Communist party members, participants of the official media and even official politicians and soldiers—who had taken part in the seven weeks of student-led demonstrations. It featured daily televised scenes of students and workers—many of them scared from apartment buildings—knowing to their captors, confessing their “crimes” and denouncing their leaders.

The substances even tried to show that the wailing hunger strike in Tiananmen Square, which had transformed a student movement into a mass popular uprising, was fraudulent. Television reportedly featured clandestinely shot footage showing student leader Wang Ruoshan eating rice at a home where, according to the narrator, he claimed to have been starving himself. In fact, an identification box at the foot of the video showed that it was shot on May 28—20 days after the hunger strike ended



Troops at the entrance to the Forbidden City; a pervasive climate of fear

Such propaganda appeared to be having considerable impact on the countryside and the smaller towns, where the vast majority of China’s 1.1 billion people live. There, people appeared a willingness to believe that the People’s Liberation Army would cover turn its guns on the people. Such was young Beijing resident after telephoning his parents in this central province of Hunan: “They believe everything they see and hear on television. They have no reason not to.”

But in Beijing, people plainly knew the truth. As troops continued to guard Tiananmen Square, armed police went on a room-to-room rampage through university campuses, checking living quarters and rifling the files of the now-defunct Independent Students’ Union as they searched for the names and addresses of missing students. On the Beijing University campus, the few remaining students were absolutely terrified. “There are police everywhere,” said one, who refused to give his name. “Any student could be arrested. No one knows who is on the blacklist.” Said another: “I have a feeling of great hopelessness for this country. The student movement has been smashed.”

Senior analysts maintain that as senior Communist party leader Deng Xiaoping, 84, and his hard-line regime tighten their grip, China’s mood is likely to become strictly anti-Western. Certainly, the tone of the current propaganda drive is beginning to resemble that of

Chairman Mao Tse-tung’s so-called Cultural Revolution of the late 1960s, when Chen would itself off from the outside world, persecuted its intellectuals and stifled all dissent. Now, official posters plastered to Beijing billboards exhort the people to “oppose the spread of bourgeois liberalism.” And once again, party leaders are warning Mao-style border men instead of Westerners at large.

It was against that background that Canadian External Affairs Minister Joe Clark conferred in Ottawa at week’s end with Ambassador Drake and other China experts for a thorough policy review. On June 23, Clark was scheduled to chair a national round-table session, bringing together some 25 of Canada’s leading Sinologists. Said external affairs department spokesman Robert Poole: “All our programs are under review.” Canada is obviously not the biggest player in China’s changing relations with the outside world. Still, it is a major supplier of wheat and has established strong economic and cultural ties with China since entering into full diplomatic relations in 1971. Now, after receding at ambassadorial consultations, its policy review might well set an example for other nations to follow. For the Chinese people, however, the immediate prospect was of more dark days ahead.

JOHN BERGMAN with LOUISE BRANSON in Beijing. THOMAS FRANKS in Ottawa and WILLIAM LUTHERY in Washington

# 世界人



# World Notes

## NEW LEADERS IN CONGRESS

Democracy in the U.S. House of Representatives, in formal news Speaker Jim Wright announced that a seating list of 431 new members, elected during the 1980 Democratic presidential contest—was majority leader. William Gray was chosen party whip, for first time to hold a top leadership post in Congress.

## HOANGING FURED

In the Latvian port city of Riga, kidnappers freed Belgian doctor Jan Gova, 35, after 13 months in captivity. A little-known group claiming itself as “Soldiers of Justice” said it released Gova in response to an appeal by Latvian leader Maimaras Gorbis and mediation by a neutral Estonian broker.

## IRISH GAMBLE FAILS

Irish Prime Minister Charles Haughey appeared to have failed as he led to secure a universal majority. Computer projections suggested that his Fianna Fail party might fall up to five seats short of the target of 43 needed to control the 165-member parliament. Haughey called a snap election for June 18, gambling that voters would endorse his tough economic policies. Instead, Fianna Fail was on the brink of losing two of the 40 seats it had held.

## A POWER TRANSFER

In Argentina, president-elect Carlos Menem agreed to take power July 1 after current President Raúl Alfonsín—accused by an economic crisis—announced that he would resign five months before the end of his term. Menem, a Montevideo, Uruguay, said that he would like to schedule the country’s \$20-billion foreign debt.

## DRUG SCANDAL BOKS CURA

In Cuba, army Gen. Armando Ochoa was charged—as a general was arrested and detained—was arrested along with six accomplices in corruption charges. As the scandal unfolded, the official newspaper, *Granma*, reported that Ochoa had committed “corruption with international drug traffickers.”

## NADY REBURNED

Since 280,000 Hungarians attended the ceremonial funeral in Budapest of executed prime minister Imre Nagy and his four associates, Hungary was largely in darkness in 1956—after seeking to withdraw Hungary from the Warsaw Pact during the 1956 Hungarian revolt—and his body was thrown into an unmarked grave.



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WORLD

CHINA

## Dissident diplomats

Chinese envoys seek a refuge in Canada

On June 8, just four days after Beijing's Tiananmen Square massacre, students protesting outside the Chinese Embassy in Ottawa suddenly saw an unidentified person throw an envelope from a second-floor window. Tucked inside was a three-line note, written in Chinese on beige occasion paper. It read in part: "Let us mention the workers of our peasant youth." That was the first sign that some embassy personnel sympathized with the pro-democracy movement. Last week brought more dramatic evidence: in an impromptu news conference outside the House of Commons, External Affairs Minister Joe Clark confirmed reports that a number of Chinese diplomatic personnel were in the process of defecting to Canada. But External officials declined to provide the names or exact number of defectors, insisting that they did not want to jeopardize the diplomats' relatives in China. "I think you will understand," Clark said, "that it is in nobody's interest to go

into details at this moment."

However, one Ottawa official said that five Chinese Embassy employees had asked for refugee status in Canada. And Frank Eng, president of the Ottawa chapter of the Chinese Canadian National Council, told Maclean's that his sources claim that as many as nine people within the Ottawa embassy had requested refugee status, along with another two from the Chinese consulate in Vancouver. "We're talking about diplomatic defectors, not administrative people," Eng said. According to some press reports, the son of one of the defectors had been killed in the Tiananmen massacre.

Ottawa officials have said that they would

deal sympathetically with any Chinese defectors. In all, China has 35 diplomatic employees in Ottawa, 10 in Vancouver and 14 at the Toronto consulate. And Robert Young, executive director of the Chinese Community Service Center in Ottawa, noted, "The local Chinese community has been expecting someone to defect—the only surprise was that it took so long." Most of the diplomats, Young added, "are in their 40s or 50s, single with children in university in China. Their decision to defect

has very serious implications for their families."

Last week the Canadian government also investigated reports that some personnel at the Chinese Embassy had been harassing Chinese citizens in Canada and Chinese-Canadian sympathizers to the democracy drive. But Clark said that on June 15, when he called in the Chinese ambassador, Zhang Weipao, to protest repression in China, Zhang denied the reports. Still, Sino-Canadian relations—severely strained by the Chinese army's brutalized

crackdown—seemed certain to worsen as details of the diplomatic defections continue to emerge.

THERESA TEDESCHI in Ottawa



Clark: strained relations

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WORLD

ISRAEL

## 'We can't take chances'

Chaim Herzog cites the threats to Israel

Israel's President Chaim Herzog will be in Canada on a state visit from June 28 to July 1. Although his constitutional powers are limited, Herzog, 76, is far from being a figurehead. He is a former chief of military intelligence and former ambassador to the UN and, as president, he has often spoken out on controversial issues. He talked with Maclean's Jerusalem Correspondent Eric Silver last week. *Excerpt*

**Maclean's:** Canada recently upgraded its diplomatic contacts with the PLO and asked for a co-Security Council resolution depriving Israeli tactics in the West Bank and Gaza Strip. How Canada-Israeli relations deteriorated?

**Herzog:** I don't think there has been a deterioration. Friendly countries don't always have to agree.

**Maclean's:** You recently condemned Jewish settlers on the territories for taking the law into their own hands. Yet you reduced from 10 to 10 years the sentence on three officers who mur-

dered Arabs. Aren't those contradictory?

**Herzog:** There's no change in my position that nobody has a right to take the law into his own hands. As far as the right of pardon, it is not customary to explain why I exercise my prerogative. All I can say is that I am convinced that I served the best interest of the country.

**Maclean's:** Are you disturbed by the effect on Jewish security of the Palestinian uprising?

**Herzog:** We face a problem of civil unrest which threatens to destroy our society. We are not the first country to face it. Take any country in the world. They don't invite the rioters for a cup of coffee to talk it over. The issue that faces us is not between sitting down to negotiations or quelling the disturbances; it is between quelling the disturbances or having a new Beirut in the Middle East. We can't take chances. It's all very well for people to sit in Canada or elsewhere and preach to us. I just want to see what they would do in their own country if they had a similar situation.

Maclean's. But we have heard a West Bank rabbi saying Jewish blood is different from gentile blood. He has seen a minority on the West Bank massacre Arab workers in order to identify them as "foreign workers." Aren't you disturbed?

**Herzog:** I am disturbed by every element that goes against human rights. At the same time, I recognize that we have to maintain law and order. What you have said here is typical of the distortion in the media abroad. There must be hundreds of thousands of rabbi in the world. There is no one about who said what he said. He has been condemned by every single rabbi in this country. But he is the one who has been highlighted throughout the world.

**Maclean's:** What about the judges?

**Herzog:** One mayor made a mistake, two withdrew. Why did he withdraw? As a result of a mass outcry in the country. What happened to the standards we adhere to?

**Maclean's:** Western governments have given qualified recognition to Prime Minister Yitzhak Rabin's peace initiative calling for elections in the West Bank and Gaza. Is there flexibility in the government's position?

**Herzog:** There is a debate within the government. There are those who are more flexible, those who are less flexible. In the final analysis the decision will be made on the basis of the reaction of [Jews]. When President [Hassan] Sadeq of Egypt came to Israel and said he wanted to talk business, they talked business. ☐

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WORLD

### WEST GERMANY

## A hero's welcome

Gorbachev signs a far-reaching accord in Bonn

From the capital, Bonn, to the financial district of Cologne—and from the high-tech centers of Stuttgart to the gritty Ruhr valley city of Dortmund—Mikhail Gorbachev received a hero's welcome. In marked contrast to the last visit by a Soviet leader to West Germany in 1983—when demonstrators in Bonn greeted Leonid Brezhnev with shouts of "Kaiser go home!"—last week, thousands of excited Germans poured into the streets with signs, banners and cheering chants of "Vorbey, Gorb!" Their enthusiasm was infectious. Along the highway from Bonn to suburban Bad Godesberg—the site of foreign diplomats' residences—Gorbachev moved delightfully to a crowd of live-action caricatures of himself. Not far behind, not surprisingly, were the page-boy formations. On June 13, Gorbachev and Chancellor Helmut Kohl signed a six-page document that both leaders said will be a new step in Soviet-West German relations. Gorbachev went even further, declaring, "Our co-operation can serve as a catalyst for new relations between the whole of East and West."

The implications of the agreement are so far-reaching Gorbachev and Kohl pledged to respect human rights and self-determination, to expand economic co-operation, and to work to improve the general situation of Europe—without upsetting the proper balance in the continent. Moreover, both leaders expressed support for a series of concrete disarmament measures. They included a 50 percent cut in U.S. and Soviet strategic nuclear weapons to levels in conventional forces in Europe at lower-than-current levels; a verifiable nuclear test ban; and a complete ban on nuclear test ban. Antiquated concerns from their respective allies about the seemingly close relations between Bonn and Moscow, the joint declaration added, "This policy takes historical ties and mutual responsibilities into consideration. It is not directed against anyone."

The document was the outgrowth of a visit that symbolically reunited two continents whose bitter rivalry in the Second World War—after their short-lived 1939 nonaggression pact—had left Germany and Europe divided. An excellent Kohl said Gorbachev's visit—just two weeks after U.S. President George Bush came to Bonn—strengthened West Germany's status as a major world power.

But most, newspaper editorialists in the West warned that improved Bonn-Moscow ties could transform West Germany from NATO's strong gird left in Europe to its weakling. Citing Bonn's recent elections to NATO's permanent



Gorbachev and Kohl: reconciliation

deployment of new short-range nuclear missiles, some newspapers expressed fears that West Germany could accept neutrality in exchange for provisions of essential commodities with East Germany. Last week, Gorbachev and Kohl positively avoided the contentious issue. But when pressed by reporters about when the Berlin Wall would be torn down, Gorbachev said, "If we are wise and thoughtful, then a good number of political changes can take place in Europe." The prompted an editorial note from London's Daily Telegraph: "On the 50th anniversary of the Soviet-Nazi nonaggression pact, the West Germans must realize that the rest of Europe does not share their enthusiasm" for reunification.

Kohl, once hard-bitten toward Moscow, applied the Soviet-West German declaration, seen diplomats in Brussels and that one passage in the agreement—it recognized that every state "has the right to choose freely its own political and social system"—amounts to a renunciation of the so-called Brezhnev doctrine, under which the Soviets had claimed the right to intervene militarily when they deemed that Communist rule was threatened in a sister country. "The West has been offering themselves up to Gorbachev in regarding the Brezhnev doctrine," said one diplomat. "He has finally made his position clear. We have it as writing."

ANDREW BRISKE with PEGGY TRAUTMAN in Bonn. PETER LEWIS in Brussels and ANTHONY HOLCOMB in Bonn

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# THE COSTLY SKIES

## DOMESTIC AND INTERNATIONAL AIRFARES ARE RISING AFTER FIVE YEARS OF DISCOUNT WARS BETWEEN AIRLINES

For the past five years, Canadian air travelers have been making us the phenomenon. Even before Ottawa deregulated Canada's airline industry in January 1988, the nation's three major airlines began lowering passengers with deep discounts, more flights to more destinations and frequent-flyer plans that earn them free trips and lower prices for hotel rooms, meals and rental cars. When deregulation took effect, giving the airlines total freedom to change their fares and routes, the battle between Air Canada, Canadian Airlines International Ltd. and Expressair, then-called Airwest Inc., became an all-out price war. At the same time, travelers have continued to benefit from deregulation in the United States and from free wars on transatlantic routes. But now there are increasing indications that the discounts are about to end and that both domestic and international fares will increase sharply.

Last month, Air Canada and Canadian Airlines—which bought money-hungry Warden in January—raised their domestic fares by four per cent. For Air Canada, it was the second increase in five months, and further raises were inevitable as a result of the two huge carriers' broad market control. Indeed, spokespersons for Air Canada and Canadian acknowledged last week that fares will likely climb. But they added that last year's discount war had forced them to slash some of their fares below cost. In fact, that was the main reason why Warden

was almost forced into bankruptcy. Canadian traveling abroad, on work, will probably face higher fares. On July 1, the world's major airlines will impose a complex set of new international fare rules that will raise prices on some foreign routes by 50 per cent or even more.

Developed by the Montreal-based International Air Transport Association (IATA)—which represents 198 airlines around the world—the new rules are designed to improve the carriers' method of setting international fares, which was based on 1973 exchange rates. The new method will be based on current market rates and is designed to ensure that new fare systems in tickets booked outside the countries of origin of any international flights. But by doing that, the new rules face up the price of tickets as some international flights. For one thing, airlines fear that between two foreign cities, fares will depend on when the ticket is bought. In the case of London to Zurich, a one-way coach-class ticket booked from London will cost \$330, but one booked in London from Zurich will cost \$423. Under the new rules, airlines leaving a London-Zurich ticket in Canada, or elsewhere, will have to pay the higher fare. Other air charges will eliminate any possible savings from another commonly used loophole—bumping North-American-based flights in Western Europe that originate in countries

with traditionally weak currencies, including Poland and Nigeria.

Last week, William Maynard, president and chairman of the Alliance of Canadian Travel Associations, sent a letter to IATA protesting the changes. Maynard, a Guelph, Ont.-based agent, argued that both customers and their agents will suffer if Canadians are forced to take their business abroad to obtain cheaper fares. He added that passengers who buy tickets in Canada "should not have to pay more for airfare than they would legally have to pay elsewhere." But alternative national education committee chairman and Saskatoon travel agent Cindy Le Frapin says that most Canadian travelers' agents will ignore the rules. She told Le Frapin: "I don't think people are so easily fooled with what will be happening."

The impact of last month's domestic fare increases is much more apparent, and they have rekindled a debate about the benefits of airline deregulation. Two weeks ago, the National Transportation Agency presented a review of deregulation to Parlia-

ment, noting that fare wars continued in 1988 while service expanded. But America's Airlines, director general of airport safety and analysis for the agency, said that the report covered only the period up to Dec. 31, and it did not take account of Canadian Airlines' Warden takeover.

In its status time, Andrew Bennett, a Toronto regulatory lawyer, released a highly critical analysis—conducted for the nonprofit Public Interest Advisory Centre. Bennett concluded that airline deregulation, which was

seen the two years as it was ending, then Air Canada Airlines, spokesman Michael Dubeloff said that, despite the latest analysis, both carriers are still losing money on some domestic routes. Steven Gormeau, an airline analyst with Toronto-based brokerage firm First Monahan Securities, said that profits for both Air Canada and Canadian Airlines—which amount to less than four per cent of their revenues each of the last two years—were far below those of other airlines. He added that Warden's aggressive business actually drove domestic prices below cost last year. Said Gormeau: "The consumer has been the beneficiary of lively fare wars."

Burns and McKenney, as well as many travel agents, predicted that airlines would decline substantially if the federal government allowed foreign airlines to compete with Air Canada and Canadian on domestic routes. Bennett said that of Donald Trump, the Manhattan developer who recently bought Eastern Air Lines' New York City-Boston-Washington route service, "wants to create Trans Air Canada Inc. and can fly people between Halifax and Vancouver cheaper than the two majors. I say let him do it." Roman also said that Ottawa should eliminate a rule that prevents foreign carriers from offering more than 25 per cent of a Canadian airline. He said that any such change would still have to use Canadian pilots and ground crews on domestic routes.

### Check-in queue in Toronto forces special deals

Supposed to promote competition and lower fares, has been a failure. He claimed that as a result of Canadian Airlines' takeover of Warden, the country's two largest carriers and their allied regional airlines now control 80 per cent of the domestic air-travel market. Roman added that there is now no incentive for them to compete, keep fares and fares low and offer mass discount fares. Added David McKenney, director of the regulated airlines program at the Consumers Association of Canada: "Instead of vigorous competition, we have stagnation, ineffectiveness. McKenney also said that the Canadian Warden merger was consummated before passengers had a chance to realize all the benefits of deregulation.

Spokesmen for Air Canada and Canadian Airlines, as well as some industry analysts, vigorously dispute the consumer activists' conclusions. Air Canada spokesman Brock Stewart said that the competition is just as keen be-

cause the two carriers are still losing their money. Speaking to analysts in Toronto earlier this month, British Airways' chief executive officer Sir Colin Marshall said that he would like his airline to be allowed to fly between major cities in Canada, exchange for other Canadian carriers' free access to Europe following the creation of a completely free European common market in 1993. American Airlines Inc. senior vice-president Donald Curry said that his airline would like the fly to between more Canadian destinations. He added that even under the existing rules—American would be willing to purchase a 25 per cent stake in a new Canadian carrier.

But for the short term, at least, Air Canada and Canadian will continue to dominate the domestic market. And it seems likely that Canadian air travelers will be living a pretty snugly costly days—both at home and abroad.

JOHN DALEY

## Business Notes

### SPENDING BOOM FIZZLES

The Canadian economy is slowing down, as consumer spending declines after a four-year boom. Statistics Canada's latest indicator, which tracks 160 living-cost items, shows a 0.5 per cent increase in November, compared with a 0.3 per cent rise in July.

### MORE SATORS FOR TIME

The takeover battle for Time Inc. heated up amid unspecified reports that media firms Rupert Murdoch and General Electric Co. would enter the fray next week. Time received an advance offer of a \$12.8-million acquisition takeover by Paramount Communications Inc., despite the bid and making its own \$4-billion tender offer for Warner Communications Inc. to succeed as earlier Time-Time Warner merger plan.

### INSURANCE WARNING

The House of Commons finance committee released a warning that Canada's insurance industry will be cut out and consumers poorly served if heeds are ignored to sell insurance. Stephen Gould, legal counsel for the Insurance Brokers' Association of Ontario, also said that companies would be reduced if the number of brokers was cut.

### MONEY SHARES DOWN

Almost 18 million shares in News Corp. changed hands last week, sending the stock price down 50 cents to \$13.38 at week-end. Analysts said that News had been caught in a North American-wide cut in investment moves out of petrodollar funds due to weakening prices. The market is also concerned that November overextended at a time when earnings may drop.

### U.S. TRADE DEFICIT FALLS

The U.S. trade deficit narrowed by \$3.4 billion in August to \$4.9 billion. But analysts expect the deficit to widen and stocks lower in Wall Street because the trade figures revealed a stronger-than-expected U.S. economy, which may provide further support for rate cuts.

### CHINESE SHIPMENTS

Capgemini Odeco Corp. placed its financial results by stating what it said was a \$27.24-million profit in a category that it called "other income." The move will not affect the company's first profit for 1988. Meanwhile, a Canadian financial services and it was becoming "transaction structure" that will make it easier to sell the company.

### Le Frapin: Canadian travel agents will suffer



CINDY LE FRAPIN



# The P-Star factor

Economists gaze into a new crystal ball

Every week, millions of Canadians anxiously await the Bank of Canada's latest pronouncement on interest rates. A shift of a single percentage point up or down can mean thousands or even thousands of dollars lost or saved on a mortgage, car loan or business investment. But predicting interest rates is difficult. Much depends on inflation, which central bankers try to control by raising interest rates. Now, they have found a new and seemingly foolproof tool to forecast long-term inflation trends—a shadowy equation. If proved successful, the method could make it possible for governments to forecast long-term inflation rates and, in turn, to help make interest rates more predictable.

The new formula, called "P-Star" ( $P^*$ ), is a fresh look at well-established monetary theories that chart the relationship between money supply and price levels. The equation provides a long-term view of inflation. If  $P^*$  suggests that inflation will remain steady over one or two years, central bankers could avoid raising interest rates when other economic indicators—such as the monthly consumer price index—suggest that inflation could be rising. The U.S. Federal Reserve Board lowered interest rates under this model, despite signs of accelerating inflation. According to some analysts, that was partly because the  $P^*$  equation indicates that inflation should not increase above current levels for about two years.

So far, the model has not been applied in Canada, but Donald Stephenson, chief of the international department at the Bank of Canada, said last week that Canadian officials have informally discussed the theory with the economists at the reserve board. Said Stephenson: "If the theory holds, it could give us another gauge to inflation—but Canada hasn't looked at it thoroughly yet."

The  $P^*$  equation departs from past theories by using a stable value for so-called velocity, the number of times that money changes hands as it flows through the financial system. As it moves through a series of transactions, the stock of money is used and reused to finance output—total goods and services. Typically,



Shopping in Toronto, interest-rate hikes may not be necessary

the value of that output increases more than the value of the money used to support it. To meet surges in output that could lead to inflation, central bankers try to limit the money supply. But they have no way of controlling the number of transactions, or velocity, of money after it has entered the system. And if the output increases too quickly, inflation can result.

By calculating the long-term velocity factor from studies of the past 33 years, officials at the reserve board say that  $P^*$  may prove a valuable new tool to help predict whether inflation will rise or fall in the future. The reserve board economists discovered that, despite temporary fluctuations, the velocity ratio over the past 33 years was 1.657—that every \$169 that the Fed injected into the economy became \$185.37 during the course of the year.

By assuming that the average rate of increase remains the same in the future, the reserve board was able to write an equation that helps forecast future price levels. And by comparing

current price levels with  $P^*$ , which stands for future expected prices, economists can predict whether prices are likely to move up or down.

Federal Reserve Board chairman Alan Greenspan unveiled  $P^*$  last February when he used it to support statements on monetary policy to the House and Senate banking committees. Some U.S. financial experts say that

Greenspan's reliance on the  $P^*$  equation during that testimony is evidence of the board's slouch in the discovery. Greenspan himself cautioned the research that led to the development of the equation. The study, worked on by reserve board economists Richard Porter, Jeffrey Helmen and David Small last year, was known as the "Holy Grail study" among reserve board staff.

Helmen warned that the equation should not be viewed as a revolutionary tool that will make inflation forecasts foolproof. In some instances, he said, its simplicity in the past, central bankers have had to rely on a confusing array of indicators that are in constant flux, including exchange rates, budget deficits and interest rates.  $P^*$  now provides a method of "forecasting inflation over the medium- to long-term without much uncertainty," Helmen said.

And even the equation's own creators have cautioned against placing too much reliance on their discovery. Porter noted that as yet the Fed has no stated policy on the use of the equation and that it remains one tool among many indicators for making economic projections. He also said that there is no guarantee that the consistency of the velocity figure will endure in the future. And

some economists in Canada questioned the economist's calculations. Said Douglas Peters, chief economist for the Toronto-Dominion Bank: "I think it is an interesting thing to look at but it is not a great new tool. It is highly theoretical." But in the growing panic that inflation and interest rates have become—for both consumers and the business community—any new algorithm to the future are welcome. The  $P^*$  equation may be one of those algorithms and until it is proven wrong, it is likely that

many financial market-watchers will look to  $P^*$  for hints of danger to come.



Greenspan: a convert

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# Soaring out of reach

*Home ownership is becoming more difficult*

**H**e grew up in a four-bedroom brick bungalow in North Bay, Ont. And, after he moved to Toronto in 1988, Gary Gauthier took it for granted that one day he would own his own house. But a decade later, Gauthier, a 39-year-old computer analyst, and his wife, Candie, in extensive inventory, live in a two-bedroom, 9600-sq-foot apartment in the Toronto suburb of Scarborough. And, despite a combined family income of more than \$55,000, Gauthier says that he now has little hope of buying a home. "It's out of reach," he declared. "The only chance we have of owning a house in Toronto is if we win the lottery."

Gauthier's predicament has become commonplace in a number of cities across Canada, where four years of soaring housing and property values have pushed the price of a home beyond the means of thousands of Canadians. According to a report released last week by the Royal Bank of Canada, the average Canadian household spent 44 per cent of pretax household income to cover mortgages, property taxes and utilities to carry the cost of an average detached bungalow during the first quarter of 1998. That compares with 37 per cent of household income just three years earlier. Coupled to the Royal Bank's "Escalating housing prices in the last three years, together with recent relatively high interest rates, have made housing affordability a serious problem for Canadians."

The problem is most pronounced in Ontario—particularly in Toronto, where the average price of a detached three-bedroom bungalow has soared to \$269,000 from \$174,000 during the past three years. According to the bank, that has pushed the price of a starter home out of reach for 80 per cent of Toronto families. As well, Toronto's high housing prices have pushed the cost of living in the Ontario capital even higher than in New York City, according to a recent survey by Toronto-based management consultants KPMG Peat Marwick. Comments are also being passed out of the street in Vancouver, where the price of an average bungalow on the city's west side has climbed 67 per cent during the past three years to an average of \$230,000—a level at which the Royal Bank said almost 70 per cent of the city's households could not qualify for a mortgage. Even so, there are still many cities where houses are affordable, particularly in the Atlantic and Prairie provinces.

But there is mounting evidence that Toronto's real estate boom is over. The number of sold new homes in May fell by 64.2 per cent from the recent level during the same month last year, according to figures released last week by the Toronto Home Builders Associa-

tion. At the same time, the number of Ontario apartment-building dwelling units started in the end of April this year—including condominiums—is down by 49 per cent from a year

earlier. Explained Wayne King, vice-president of Realtime Research Associates Ltd., a Toronto-based real estate research company, "Rates simply have not kept up with housing prices, and people are being forced to stay on the sidelines."

There is wide disagreement on where Toronto real estate prices are headed. Among the most pessimistic observers is Jeffrey Rubin, in agreement with Toronto-based brokerage firm Wood Gundy Inc. In a report released on May 21, he predicted that high interest rates and a slowing economy would dry up demand, forcing

"I always leave everything until the last minute."



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## BUSINESS WATCH

housing prices to drop by 17 per cent nationally and by 35 per cent in Toronto over the next 12 months. Sales added that the downturn will slow contract spending but revive the country's economy. "As households adjust their savings rate to a decline in net worth," its report declared, "we are likely to see a major rebalancing in consumer spending in southern Ontario, setting the stage for a national recovery by early 1990." The Royal Bank report was less startling but even it forecast a modest price drop in Toronto house prices over the next 12 months as the pace of economic activity eases and the flow of new listings into the city slows. Some analysts also predict that consumer prices, which have decreased sharply in recent periods, could drop by as much as 20 per cent in Toronto during the same period.

For their part, spokesmen for the Toronto real estate industry, which has a mixed attitude at keeping prices high despite my suggestion that Toronto's real market has finally cooled, David Higgins, a senior vice-president at Royal LePage Real Estate Services Ltd., the country's largest full-service real estate broker, predicts prices will weaken over the rest of the summer but recover enough to register a small overall 12-month gain by year's end. He added that prices would continue to increase during 1989 because of a continuing influx of newcomers into the city. He told real estate analyst Wayne King, "Anyone who expects housing prices to crash in Toronto will be waiting a long time."

First-time home buyers in Vancouver can also expect little, if any, relief from high prices. Experts say that, although the dramatic rise in the city's real estate prices may slow, there is little chance of an actual decline. The main reason: strong employment growth will continue to attract people to Vancouver. At the same time, large numbers of Hong Kong immigrants are moving to Vancouver because of concern about what will happen when Hong Kong reverts to Britain's control in 1997. Analysts say that, if anything, the recent upsurge in China will cause the exodus from Asia to Vancouver to gather speed. Said Brian Collier, president of the Greater Vancouver Real Estate Board, "The dynamics of Vancouver's real estate market are totally different from anywhere else in the country."

Even so, Vancouver's supercharged market may not without a further increase in annual rates. Bank of Canada governor John Crow is drawing scepticism by announcing its inflation-fighting program, which is based on keeping interest rates high. Indeed, last week, Statistics Canada reported that the annual inflation rate was five per cent in May, its highest level in five years. And analysts say that further interest-rate increases would make mortgage costs prohibitively high for potential homebuyers. For the Groulx and thousands of other Canadians like them, the dream of home ownership will likely remain just that for years to come.

JOHN DAWSON

## BUSINESS WATCH



# Why Canada could be the new Manchuria

BY PETER C. NEWMAN

What's wrong with Canada? It's too true that we should have signed an agreement with Japan instead, which would have had only one clause in it, that for every request they send us, we send them seven answers.

That very observation, originally made by Dr. McMillan, British Columbia's former minister of science and technology, neatly sums up Canada's scientific dilemma, described as a top-level conference in Halifax this week. We produce only two per cent of the world's stock of scientific knowledge, and per our legal and policy infrastructure is oriented to the fiction that we are a major science centre, rather than importer—and even that status is threatened. "The real question for Canada," said Charles McMillan, a former senior policy adviser to Prime Minister who is co-chairman of the conference, "is how best to apply our limited private, public and university resources to help raise our living standards. The argument some people use, that we can rely instead of doing research is demonstrably false, because you have to be involved in research to know what data you need most usefully to purchase. Also, since technology is increasingly the basis of commercial competition, why would anyone wait in anything except an artificially high price?"

McMillan and his colleagues, Robert Fournier, associate vice-president of research at Dalhousie University in Halifax, brought together a blue-ribbon panel of international experts to try to give Canada within the context of the new world of mega-tech ideas. They reviewed ways in which some parts of a time when high-grade scientific research has become the first requirement for staying in any business, as matter how low-tech it was once thought to be.

McMillan's own paper best captures the urgency of our problem by comparing the Japanese experience with what hasn't happened here. Canada and Japan currently enjoy total annual trade worth \$15 billion, but, while

*We produce only two per cent of the world's scientific knowledge, but we are oriented to the fiction that we are a major science creator*

Japan is rapidly moving into its third technological revolution, we're fairly stuck at a primitive almost neolithic mode so that our main efforts to fix remain raw iron, aluminium, coal, wood and minerals. Write McMillan: "Canada is in the unique position of developing a science and technology. Our institutions, resources allocation and policy constraints all reflect the century-old legacy of a resource-dependent. North American-based trade environment. In so other terms do the 21st-century trends of globalisation and Pacific Rim-based dominance in trade, capital and technology expose Canada's anachronistic approach to profound structural changes."

To prove his point, McMillan contrasts our situation with that of Japan, which in the past two decades has moved from a country with all the negative—overcrowding, low quality life, excessive pollution and a weak record of foreign policy—to one with all the world-renowned advantages: a virtuous cycle of high productivity, long-run technology and profit bonanzas, sophisticated management, low inflation, customer-driven production and a philosophy that emphasises environmentalism of earnings also value-added technology. "What the Japanese have achieved has no precedent in world history,"

McMillan said. "They are doing what they have done best among all industrial nations since World War II: creating a high-tech society, they have outlasted them with a vengeance."

Japan's constraint as a superpower has been so swift that its fiscal might—rooted in advanced technology—may yet be fully appreciated. Nevertheless, by total assets, 16 out of 25 of the world's banks are now Japanese.

The fact that Japanese overtook the United States as the world's leading economic power is already a shock, but the dimensions of that superiority remain staggering. The American share in the world electronics service has declined precipitously, to five per cent of constant products in 1988 from nearly 100 per cent in 1970; photocopiers are down to one per cent from 90 per cent; color TVs to 10 per cent from 90 per cent; machine tools to 20 per cent from 100 per cent. At the same time, federal research grants at two U.S. universities have fallen by 50 per cent and less than one-tenth of the funding available is relevant to commercial applications. Their high schools are short of 300,000 qualified math and science teachers, while engineering graduates at universities have as many as 1,800 vacancies. The most advanced research in the United States has been derailed by defence-related projects, but even that has become dependent on Japanese electronics, with such high-profile projects as the new next-generation plane involving the talents of Tokyo's Mitsubishi Heavy Industries.

One of that and another idea, McMillan and the other participants at the Halifax conference, which was the first time brought together the federal and each of the provincial science centres, strongly believe: unless they speed up their scientific research no longer is a choice for Canadians. Without it the threat to become the Manchuria of the 21st century, supplying the raw materials that make other nations rich. The new millennium of advanced science and technology, the military strength or resource control but the ability to develop the most sophisticated methods of communication, cost and production control, and leadership in the many other technologies required to compete in a global, round-the-clock marketplace.

To stay in the race, McMillan suggests that we will have to enter completely our educational system, at least until our middle federal graduates on scientific inquiry lead them from their legalistic and bureaucratic industrial conservatism to sponsor research with high commercial potential, private government research funds and partially dependent universities as they can find and direct their own research initiatives.

"Canada's technological future is at a crossroads," McMillan concludes. "The time has far less to do with the Canada-U.S. Free Trade Agreement or automatic harmonization. It has to do with answering the question of whether we want to remain a technological laggard based on low value-added commodities, or join the 21st century."

Peter C. Newman is Toronto's oldest columnist and has been writing for 25 years.

# A day of reckoning

Ben Johnson admits that he took steroids

Did you state publicly to the Canadian people, 'I'm innocent and I never took any banned substances'?

Yes, on  
These statements were not true?

The world had waited almost nine months for Ben Johnson's answers and, last week, he gave them under oath to a judge at a federal inquiry into doping in sport. The sprinter's account differed markedly from his initial declarations but did not say he had used banned anabolic steroids in competing in Olympic gold medal in the 100-m dash at the Seoul Summer Games. The man who raised his arms in victory on Sept. 24 over his U.S. rival Carl Lewis last week covered his eyes with his hand and admitted that he had cheated. Still Johnson is a hell of a runner, attempting to explain his denial. "I said, and I was released for my family and friends and the fans who looked up to me and the Canadian athletes who want to be in my position."

Johnson dispelled any lingering illusion about his past laxity with steroids during an hour on the witness stand at the federal inquiry before his Justice Charles Dubois of the Ontario Superior Court. Appearing in two outfits and under oath, eager and nervous, the compact 27-year-old runner testified that he kept himself in the help of others, including his physician, Dr. Arthur—unnamed or named five performance-enhancing banned substances during a seven-year period leading up to Seoul.

But Johnson's answers still did not fully explain why officials found some of the steroids administered to him were after the Olympic race, which he set in a world record 9.79 seconds. Those days later—after he tested positive—International Olympic Committee officials stopped him on his way to award the gold medal to second-place runner Leroy of the United States, whose time was 9.93 seconds. Johnson told The Toronto Star in a signed statement and interview last Sept. 30 that he had never "intentionally" taken banned substances. In addition, Johnson said that he would not make a full confession.

Johnson said that his use of steroids—specifically a form of the male hormone testosterone that built muscle mass and allowed athletes to train longer and harder—began in the fall of

1981. At the time, he testified, his coach, Charles Friesen, encouraged him to use the steroid called Dianabol. "He said the only way I was going to be better is to take drugs," Johnson testified. Johnson added that no one ever told him about potential side effects or liver damage. And he described his liver-

ness after he caught "them give me a bottle. I'm not sure when, with a label in blue ink that says, 'Do not take within 30 days of competition.'" Communion against Robert Armstrong asked, "What happened to you?" replied Johnson. "When I got back from Seoul, I smoked it against the wall and there it is the package."

But Johnson boasted that he could still beat anyone in the world and told Dubois that he wants to compete again, day after, at the 1992 Olympics in Barcelona, Spain. "For which country?" asked Armstrong. "My own country—Canada," Johnson replied.

Before his testimony ended last week, Johnson faced pointed questions from Dubois about his declarations to the Star. "You know how important that was?" Dubois asked Johnson. "I was wrong to say that," added Dubois. "I think it's fair to say most Canadians would be believe

that. You understand that—everybody felt badly for you.... When someone it was to sign a statement like that, and make the witness?" Johnson. "I did wrong. But, I said, I was confident at the time."

Currently, Johnson's status as an athlete is in doubt. His contract to train regularly without steroid testing, at Toronto's York University, but both the London-based International Amateur Athletics Federation (IAAF), the world governing body for track and field, and the Canadian Track and Field Association (CTFA) have suspended him from competition until September, 1990. Sport Canada, the federal agency that sponsors athletes, has cut off funding to Johnson for life. And he may lose his billing as "the world's fastest man," which he claimed in Rome in August, 1987. His time of 9.59 seconds (for the 100 m) still stands as the world record.

He is scheduled to testify at the Dubois inquiry later this month.

At the Dubois inquiry, the CTFA came under attack during much of the questioning by lawyer Justus. Charles Friesen charged that CTFA president John-Jay Durelle, for one, agreed to give Johnson a steroid warning supposedly marked testing at track meets. The drugs were so potent as to obstruct competition, Friesen said after witnesses have said, that sprinters had to change of training without using them. Outside the hearings, Durelle denied the allegations and said that he would give his side of the story when he testifies in August.

Even from its very beginning, the Dubois inquiry has been extremely costly for foreign news media organizations, stirring controversy among athletes and sports officials in the United States, West Germany, Austria and else-

where. Johnson gave his answers calmly. He said that in August, 1983, at the Pan American Games in Caracas, he realized that some of "the bigger guys"—like pituitary, growth hormone—were better. Before competition began because they were afraid of drug testing. And in a frequently confused and contradictory testimony, he admitted as a series of answers to Armstrong's questions that he was aware then that some of the drugs he was taking were steroids—and that he would be disappointed if tests found them to be in his system.

Still, when Johnson answered questions from his own lawyer, Edward Friesen—an assistant that lasted into the five inquiry—he said that he blamed no one but himself for his steroid use. This he said that had a message for young athletes. "The honest. Don't take drugs. It happened to me—I've been there. I

know what it's like to cheat."

But some questions remained unanswered—particularly why Johnson tested positive for the first time in Seoul, although he also had been checked routinely throughout his career. But later, outside the hearing room, Armstrong said that all the relevant evidence was before the commission. Declared Armstrong: "I am satisfied that the full story will get out."

After Johnson's appearance, some of the sprinter's friends and fans missed that he "deserved another chance to compete.... and the government's assistance to the so-called Toronto native. Friesen's lawyer, who had attended the hearings both days, criticized Canadian for their lack of support for Johnson. Said Friesen: "He was left like a sinking ship. We have to accept responsibility—we pushed him to court, all for our own pleasure." And Friesen said that he had no doubt that Johnson could win at the next Summer Games in Spain. Declared Armstrong: "I don't think there's another human being in the world who has the intensity of his will."

Still, the shy, slinky 26-year-old youngster who, with his mother, brother and four sisters, left Jamaica for a new life in Toronto in 1976, in new ones with an uncertain future. Last week, he shyly watched the side of the race where his mother was sitting, and he said, "I feel it's a good idea to have some close to, but the world we can compete clean. Hopefully, all the countries will come together and compete fairly." But as Ben Johnson stepped back into his van after the proceedings, surrounded by cheering boys and girls, it was unclear whether he himself would be participating. □



Johnson leaving the Dubois inquiry with police escort; key questions remain unanswered

most officials said that they plan to discuss something that occurred at a meeting on Sept. 5 in Barcelona. The honor then would pass to Lewis, whose second place time in Seoul is the third fastest a man has been clocked covering 100 m. Lewis, who has denied ever taking banned substances himself, first tested after the Rome race that Johnson was on drugs. But last week, Lewis praised Johnson for telling the truth at the inquiry and said that he hoped to meet him rival again after the two-year suspension was up.

Last week, the CTFA named Canadian leader John Rockelton, who placed sixth in the 100-m hurdles at the Seoul Summer Games, for two years because of steroid use. Rockelton, who is married to a Swiss citizen, denied taking banned drugs and told a news conference in Bonn, Switzerland, that those years' suspension was the handling of his doping test.

As a result, the press and broadcast media of the world were warning that Johnson's career from his day-glo Ford Aerostar was and walked into the hearing room. He was wearing a double-breasted charcoal suit and appeared relaxed—and less bulky compared with the vision that shrank down the track in a red singlet and shorts only nine months ago. Now 240 scorching cameras operators, reporters and broadcasters from 20 to 30 organizations, ranging from Swedish to Japanese, picked his position on the side walk and in the middle of the jury period time. Said Anthony Caplan, a reporter for Sydney-based Network Ten television in Australia. "Seoul has never been explained, and like everyone else in the world, we want to know about it."

The answer to the major question—whether Johnson had, indeed, knowingly taken the drugs—came during the first 90 minutes on







# When a publisher has the last word

BY GEORGE BAIN

**N**early instinctively acquainted with Canadian newspapers and capable of seeing lightning and hearing thunder over sea, David B. Honderich, co-publisher of *The Toronto Star*, did not keep a sharp eye on what went into his newspaper. That was true also of the editorial page, other sections of the paper devoted to commentary, and the news pages. In the early 1980s, I was briefly editor of the editorial page, but I was able to confirm for myself my day by reading the list of principal editors at the head of the page without ever being accused that, in subjects of consequence, the last word was the publisher's.

That is an emergence difficult to argue against logically. The publisher is not only ultimately responsible for the contents of the newspaper, but also to the shareholders for the newspaper as a business. When finally I realized that what I really wanted was to replace his opinion with my better opinion—which was corroborated and wasn't going to happen—I quietly went elsewhere, not angrily, because I like and respect Honderich, and also without regret because, as a columnist, I had been used to my own platform for so long.

Now, as chairman of the board of the journal *Thinker*, Honderich—for the last time, I think, publicly—has articulated his philosophy of newspapering. He did so in a commemorative address on June 8, in Ottawa at Carleton University, where he was made an honorary doctor of literature. What he said could be trawled the amount of everybody in the business—publishers, particularly, when they can wrestle themselves from contemplation of the bottom line—and of all newspaper readers who occasionally wonder if they are getting the newspapers they deserve. Here is a sample:

"No self-respecting newspaper deliberately distorts or slants the news to make it conform to its own point of view. But you cannot publish a newspaper without making value judgments on what news you select to publish and how you present it. . . . A newspaper's value judgments—

*The next turn in journalism will be to more analytical, impersonal reporting—or it will be to the Honderich-style newspaper*

what it thinks is important—congruents with the owners and publishers . . . and the audience they are trying to reach. These considerations determine editorial policy as reflected on the editorial page, and they establish the basic framework that guides reporters and editors in the handling of news. Reporters and editors will strive to be as fair and accurate as possible for the paper's value system—its view of society—will still prevail."

That is a selective doctrine, but one to be looked at critically. If the newspaper has an internally-defined value system, then it may not be a case of slanting the news but of causing exposure to approach the news with a built-in slant. A preconception will have been introduced into the process that must weigh on the news judgment of reporters and editors, even if, at the end, they succeed in sloughing it off.

A recent study by the Carleton University school of journalism analyzed coverage of two news events. A preconception will have been introduced into the process that must weigh on the news judgment of reporters and editors, even if, at the end, they succeed in sloughing it off.

others, therefore more that might affect a reader's opinion. Of those, 6.1 per cent were favourable and 29.4 per cent were unfavourable. The equivalent figures in the next were 3.6 per cent and 18 per cent. As the paper editorially was strongly opposed to free trade, this seemed to reflect the Honderich theory at work.

Honderich says—he did so in a telephone conversation—that, while editors might be different if there were only one news source at issue, news with a viewpoint needs no defence where print, television and radio are all present. There is something to be said for that. When people can pick and choose how they will take their information, they are not susceptible to being propagandized, if any outlet were to try. In other respects, the newspaper or broadcast station with a defined viewpoint may serve the public better than its equivalent in which every reporter in national and overseas offices is his or her own editorialist. (The *Toronto Globe and Mail*, on free trade among other issues, has established that leadership.)

Anthony Weisell, director of the school of journalism at Carleton, does not care for either extreme. He looks at a lot of journalism above the prescribed school-of-thought school of journalism and the everyone-for-himself school—namely one that encourages reporters to be analytical and explain meanings but lays on reporters "an obligation to be fair and balanced and to be aware of their biases and to correct for them." On the other hand, if they do what they feel often do and let their own biases overrule—biases that tend to be those of the pack that die, and not any ideological conviction they have—then it is better if you have an outright ideological journalism and it is the publisher who lays down the law.

Honderich's thesis of a corporate definition of what is important that will underlie editorial policy and coverage is both old and new. When the publisher of a newspaper frequently was also its owner and newspapers unashamedly had political alliances, readers had no trouble knowing what influences to make for bias. That much gave way to one in which objectivity became the cardinal rule, served as some places even to the extent of performing crowd reactions at political events to come from such an "objective" source as a journalist rather than a reporter. What became important that loaded-off reporting did not go unsoftly below the surface of events for complete public understanding, a new style emerged permitting analysis and interpretation, which might be the reporter's judgment more than his play.

It also showed more ways for opinion and the peak phenomenon, namely in political reporting, and for what Weisell characterizes as a "them" and "us" attitude, the "us" being reporters, and the "them" the quarry—being editorial. At a point, the next turn at the evolution of newspaper journalism will be to a more analytical, but also more impersonal, style of reporting, as which reporters will scratch out their own lines and details, or it will be to the Honderich-style newspaper in which the hand that holds the stick that beats the drum will be unapologetically the corporate one. It has done well for the Star.

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# FIGHTING ACID RAIN

**PRESIDENT BUSH'S SWEEPING NEW PROPOSALS ARE A MAJOR ASSAULT ON POISONED AIR**

**B**on Mulroney, adhering to a nearly 20-year-old policy, was peddling his exercise regime at the rustic, pseudo-casual retreat on the shores of Harrington Lake in the Gatineau Hills when the call came through shortly before 9 a.m. President George Bush was on the line. After they exchanged greetings, Bush told Mulroney that he was about to unveil a sweeping new program to clean up North America's air, including a package of proposals designed to attack the one issue—and one—that his beleaguered Canadian allies fret over more than a decade. The President and the Prime Minister chatted about the proposals for 15 minutes. At the conversation drew to a close, Bush informed Mulroney that, once his program had cleared Congress, he intended to send it with a bilateral and non-urgent accord with Canada. Bush's promise did not surprise Mulroney, who had been expecting the call. And later that day, he declared, "The United States administration's proposals are most welcome news. It is a sign of real commitment by the President of the United States to an issue of major concern to all Canadians." With a nod at the time, and after Canadian officials had debated over the past 21 years to remedy the problem, Mul-

roney added, "It is refreshing to know that hard work pays genuine dividends for the environment that it is vital to us all."

The Bush plan, launched at a White House ceremony moments after his talk with Mulroney, marks the first effort by a U.S. administration since 1977 to suppress the largely moribund Clean Air Act of 1970. If implemented by Congress, amendments to the act will break the legislative logjam that blocked attempts to deal with the problem throughout the Ronald Reagan years. It will also dramatically accelerate the battle against the increasingly dirty air that residents on both sides of the border are forced to breathe.

Sooner: While Bush's proposals are aimed at curbing a wide range of pollutants in three broad areas, it is the provision concerning acid rain that will affect Canada most directly. By the end of the century, the program could cut by about half the 3.5 million tons of acid-rain-causing emissions that American projects annually into Canadian skies—in addition to the more than three million tons generated in Canada. The gases are a nuisance that has helped to kill an estimated 10,000 Canadian lakes and inflict sizable damage on Canada's environment, said to threaten the health of

Canada's forests. At Montreal, Republican Senator Dave Durenberger remarked in an environmental seminar in Toronto at the same time as the President was unveiling his program, "this day began the end of the long era of air pollution for our interests [which] has been dogged our most precious natural resources."

**Amplified:** Not surprisingly, Bush's initiative received praise from wide sectors of opinion in both Canada and the United States, particularly in the northeast, where acid rain is especially prevalent. Echoing the Prime Minister's remarks, Environment Minister Lucien Bouchard hailed the move as a "major breakthrough" in U.S. environmental policies and attitudes (page 44). Environment Canada's director of acid-rain policy, Alexander Macdonald, called it "basically good news." Ontario Environment Minister James Bradley, although less effusive, said that he saw cause for optimism. He Bradley: "I'm not yet ready to help the federal government pay the champagne costs but I think it is a step forward." In a similar vein, the federal Liberal party's environment critic, Sheila Copps, declared, "Obviously, we're pleased there's a legislative initiative, despite some of the loopholes."

Even away from the spotlight, environmentalists expressed cautious approval. Neil

Adelle Harley, co-chairman of the Canadian Coalition on Acid Rain, "It's a lot's permission to think the acid rain problem is solved, but I'm happy because all the players are now at the table and things have finally started to turn around." Brooks Bringer of the U.S. National Audubon Society advanced a similar opinion: "We may quarrel with some of the details," he

said, "but it's still a major move in the right direction." The only adverse reaction came from those who will be expected to bear the price—in both financial and human terms—of the program. The White House estimates that Bush's plan will add between \$14.8 billion and \$27.1 billion a year to industry's pollution-control bills. More important, these are levels

the potential to increase the gas prices mandated by Kelly. It is designed to curb three major threats to the environment—acid rain, urban smog and toxic air emissions, particularly from motor vehicles. The planned legislation will attack acid rain at its source—the sulphur dioxide and nitrogen oxides emissions that rain into sulphuric and nitric acid in the air before falling back to the earth in the form of poisonous rains, fog, snow and rain. The bulk of these so-called acid rain precursors come from the smokestacks of antiquated, coal-fired power plants, many of them located close to Canada's borders in the Ohio Valley. The Bush plan would, in two stages, cut 10 million tons of bits and two million tons of serious smog emissions by the year 2000, which is almost half of the existing total. When combined with the continuing Canadian program to halve the output of acid by 1994, these



Acid-rain-inducing smoke belch from left, which pollution: a bedeviling and divisive issue



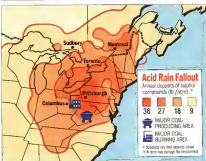
Mulroney: Bush is ethanol-powered car accelerating the battle against increasingly dirty air

hoods at stake in the two regions of the United States most directly affected—the northeastern states of the east and the industrial valleys of the Midwest (page 43).

**Landmark:** Despite the odds, the program is the first real indication that Bush intends to honor his election campaign pledge to serve in the United States' "environmentalist president." The plan is the first major domestic legislative endeavor he has launched since taking office, which is itself a measure of the new political potency of environmentalist issues—not only in the United States but in Canada as well (page 44). By most standards, Bush's initiative is comprehensive. Its comparison to the environmental record of his predecessor is an understatement, indeed.

"This is a remarkable bill—a landmark piece of legislation," said U.S. Environmental Protection Agency administrator William Killy, who played a key role in shaping the proposals. "If enacted, it will mark the beginning of a new era in environmental protection: the Clean Air Decade of the 1990s."

Political back-peddling aside, many of the experts decried the package unveiled in the White House as the most significant legislation since the three major threats to the environment—acid rain, urban smog and toxic air emissions, particularly from motor vehicles. The planned legislation will attack acid rain at its source—the sulphur dioxide and nitrogen oxides emissions that rain into sulphuric and nitric acid in the air before falling back to the earth in the form of poisonous rains, fog, snow and rain. The bulk of these so-called acid rain precursors come from the smokestacks of antiquated, coal-fired power plants, many of them located close to Canada's borders in the Ohio Valley. The Bush plan would, in two stages, cut 10 million tons of bits and two million tons of serious smog emissions by the year 2000, which is almost half of the existing total. When combined with the continuing Canadian program to halve the output of acid by 1994, these



## A SIGN OF REAL COMMITMENT ON AN ISSUE OF MAJOR CONCERN

is a real prospect of reducing acid rain to what Boardman termed "acceptable levels" by the end of the century. At the present time, TransCanada Canada deposits acceptable levels at 18 to 20 per cent per year.

**Blueprint:** The plan is as notable as much for what it sets out to achieve as for the manner in which it hopes to reach the required goal. Although companies are free to decide how they give to implement the proposed regulations, they have also been bound to a novel market-oriented incentive in the form of effective permissions to trade pollution rights. The notion is straightforward but, basically, it means that if one company exceeds the assigned allowances, it may sell the rights to emit extra pollution to other companies or even transfer the same rights to other plants within the same company, as long as the overall target for the region is not exceeded. The concept has evoked some dissent among Canadian critics. The Liberal party's Goggin, for one, voiced concerns over "pollution being a commodity that can be bought and sold." She asked what would happen "if a company close to the Canadian border diverts its waste to a trade regulations by purchasing a permit to pollute."

The coalition's Blaney expressed similar concerns. Still Harley: "Dirty states like Ohio and Indiana may have to pay credits here, say, Florida, and that would be of no help to us."

But Canadian officials say that they are less worried. Boardman told *Maclean's*: "We think that the economics of it will play in our favor

because most of the pollution coming from the border comes from plants that use the coal, mostly oil, so the areas where it's done will be most off-peak while it's in those places." In other words, unregulated facilities like those based in the Ohio Valley, where a small amount

### Researcher working coal: a comprehensive initiative



most can make a big difference, they choose level two more quickly than required in order to meet less onerous credits to cleaner plants in other locations.

But Canadian government spokesmen expressed some uncertainty about other areas of the acid rain package. Of primary concern is the lack of any explicit emissions after the year 2000. The absence of targeted limits could mean an increase in transboundary pollution after the end of the century as a result of the installation of new coal-burning plants south of the border. It is for that reason that Canada will continue to press for a bilateral accord to ensure that, after the current 3.6-million-ton output is cut in half, it remains at that level or, preferably, lessens further. Still Environment Canada's Munroe: "We want an accord with them to make absolutely certain that transboundary flows do not exceed two million tonnes a year. That is what we absolutely need. It must come down to two million tonnes and stay there under any circumstances."

There have also been expressions of concern over the end of the century, a 50-per-cent cut is now required, given the scale of deterioration that has occurred in forests and lakes. New Democratic Party environment critic James Peltier, for one, suggested that there might be a need to refine the policy itself. But it is the pace of acid precipitation could be handled by the comprehensive series of Eastern Canada, especially close to Quebec. Peltier said David Goggin and that with many areas now being down with 36 to 40 tonnes per cent cut "will still leave those trees dying." He added: "The long and the short of it is that this law simply is not sufficient."

Goggin: Whether the accuracy of that judgment, Blaney's proposals do appear to lay out what Canada's effort to curb acid rain. According to Munroe, 90 per cent of the emissions required to achieve the targeted 3.6-million-ton reduction by 1994 are already identified, scheduled and under way. The major effort is according to Blaney's initial operations in Sudbury, Ont., the largest single source of acid rain emissions in North America. The company is in the midst of spending close to \$500 million to shut the mill down by 2000 to 2001, 40 per cent. Under the U.S. plan, there is a 40 per cent cut in emissions in Canada, as well.

There are other elements

as the program has been launched, however, that highlight both how far behind Canada's position is on acid-rain acid pollution issues, as well as offering some clues to where the country may well be heading, largely as a result of the shortcomings of the automotive sector in both sides of the border. Still Goggin: "Certainly some of the areas where the U.S. is replacing legislation are areas where we don't have any at the moment. I think we could take a page from their book in developing a similar type of Clean Air Act." The same Goggin agreed: "The Americans are way ahead of us."

**Design:** In one instance, Blaney's plan recommends legislative action to attack urban smog, largely composed of ground-level ozone and carbon monoxide, as well as such toxic air pollutants as benzene. The President says that he wants to see the use of more advanced fuels, including methanol, ethanol and natural gas. He has also proposed a lowering of national hydrocarbon emissions standards, a tightening of gasoline volatility requirements and the use of gas-purge recovery systems on the scales of service station pumps. If the proposals take Congress, they are bound to directly affect Canada, but there has been considerable government worry here in any of them as well. And that is true despite the fact that, according to Environment Canada's own figures, at least five Canadian cities—Toronto, Calgary, Edmonton and Vancouver—would not meet even the existing U.S. Canada clean-air standards for carbon monoxide.

**Wishes:** In terms of smog pollution, the Bush program would not only refine vehicle legislation but also require production of more than one million alternative-fuel vehicles over a 10-year period beginning in 1995. Despite an experimental program and some research work on methanol-powered buses, Canada has no plans of such a magnitude. If the American oil and petroleum industries are compelled to manufacture more million vehicles built by something other than the gas that vehicles run on now.

It is all a far cry from the situation that confronted a few years ago, when an all-glass Ronald Reagan limousine showed pollution on its gauges. For 11 years Canadian officials and environmental lobbyists fought the lead of the limousine exemption by Reagan's domestic market. In 1993, the United States and Canada



Dying sugar maple: pollution rules, fog and snow

signed a memorandum of understanding (see p. 10) for a treaty on the issue. But soon in effect, Reagan showed the problem into the background.

Reagan's steel got warm approval from members of a coalition of coal, utility and automotive interests who, fearing the end of a cleanup, successfully lobbied against a tighter action. The factors could cut into the help of

powerful allies in Congress—in particular, Senate majority leader Robert Byrd, whose West Virginia constituency is a major coal producer, and House energy and commerce committee chairman John Dingell, whose Detroit district is in the capital of the automobile industry. But Byrd has now defected, and Dingell has been replaced by Maine Democratic Senator George Mitchell, a leading environmentalist. And Dingell has publicly altered his position. After Bush unveiled his program, it was none other than the Detroit representative who offered to sponsor the President's proposals in the House.

Clearly, things have changed. The environment has grown into a hot issue, one that politicians can no longer afford to ignore. A Gallup poll scheduled for release this week in Canada found that 90 per cent of the 1,029 respondents were aware of the dangers of pollution. What is more, Gallup discovered that

almost 100 per cent of those polled said that they believe that environmental threats are serious. As the poll reported, "trend data on this question reveal that more Canadians today believe there is a serious pollution problem than at any time since Gallup began posing this question to the public almost two decades ago."

Rising environmental concerns have even penetrated the bowels of Canada's biggest corporation. Those concerns are reflected in the new high-profile line of "environmentally friendly" products that Loblaw Co. Ltd. the owner of one of the country's most profitable supermarkets, has launched last month. Marketing the products under the "Green" logo Loblaw hopes to take advantage of consumers' heightened awareness with such items as disposable diapers made without chlorine bleach, phosphate-free automatic dishwasher detergent and many others. Still Loblaw president Dave Nichol: "Some may accuse us of being environmental opportunists, but we see no role in providing products that people want."

The cracks underlying the new attitudes are clear enough. As Gallup reported as its analysis of the poll, "voices such as the 1987 World Commission on the Environment described that corporate irresponsibility and government neglect throughout the 1970s and 1980s have served to produce a situation where today environmental problems are becoming commonplace and inescapable." Goggin's analysis added: "Scientists warn that permanent damage to our planet is being done by the 'greenhouse effect,' the onslaught of acid rain problems and other environmental difficulties will be less composed if action is not taken. These factors have no doubt served to alarm Canadians."

**Target:** Much the same can be said about Canada's neighbors to the south. And that is one of the reasons why many observers say that Bush's sweeping proposals to clean up that country's air stand a good chance of being enacted into law by Congress. Few will deny that the opposition is formidable. But although Bush has asked Congress to pass amendments to the Clean Air Act, incorporating his program, no later than the end of this year, many commentators say that his target is optimistic. And in the President's speech when he unveiled his initiative shortly after taking to the White House, "every American expects and deserves to breathe clean air, and it is my mission to guarantee it for this generation and for the generations to come." Canada can only wish him well.

BARRY CAMERON AND DOUG HOBAN AND LISA RAY OGDEN in Ottawa, MURRAY MACKENZIE in Washington and PATRICIA CRONIN and SHARON DOYLE in Windsor

# DIFFICULT DAYS AHEAD

## CLEANER AIR WILL MEAN FEWER JOBS

**F**or the past decade, Nancy Minkler has worked the midnight shift at an underground coal mine near Morgantown, W. Va., a city of 27,000 located near the Pennsylvania border. She earns \$18.75 an hour shoveling coal that eventually will flow from conveyor belts that despite her warnings, the 38-year-old recently married woman said that her job is far from secure. On June 12, President George Bush announced a comprehensive set of clean-air proposals, which includes measures to cut the sulfur dioxide (SO<sub>2</sub>) emissions that cause acid rain. If the proposals become law, air emissions which in the United States are caused primarily by burning coal to produce electricity, will be reduced by about 50 per cent annually by the turn of the century. And for the miners of Morgantown, clean air will mean fewer jobs in the mines. Said Minkler: "Miners are telling their kids that there are not going to be jobs for them in the coal mines."

**Losses:** Across the major eastern coal-producing states of Kentucky, West Virginia, Pennsylvania, Illinois, Virginia, Indiana, and Ohio, senior executives at mining and electric companies were also predicting difficult days ahead. They said that complying with the President's proposals will create job losses for miners and higher electricity rates for consumers. The mining companies anticipate widespread fuel-switching by the utilities, primarily to low-sulfur coal from high-sulfur coal—the higher the sulfur content, the higher the soot emitted—but also to natural gas. Utility senior executives say that the President's deadlines will force them to spend billions of dollars on scrubbers—which are costly chemical plants made generating stations that remove sulfur from gaseous emissions through complex chemical reactions. And federal politicians from the coal states say that they are prepared to fight the proposals. Said West Virginia Sen. Robert Byrd: "What the president has outlined does not make good science, economic or environmental policy sense."

In the same lines, many of the mining and electric executives complained bitterly about Canadian lobbying for U.S. and non-legislation. They pointed out that there are almost 350 SO<sub>2</sub> scrubbers operating in the United States but none in Canada. They also noted that the largest single source of SO<sub>2</sub> emissions in North America is the Sault Ste. Marie nuclear reactor owned by Toronto-based Hydro Ltd. For its part, the director of environmental affairs, Charles Prentiss, noted that some U.S. utility companies produce greater volumes of SO<sub>2</sub>



Consolidated Coal Co., W. Va.: concerns are too strong to derail the proposals

at several plants. He also noted that less than 500 people work in the SO<sub>2</sub> scrubbing industry. But the Bush proposals will depend on how the utilities decide to reduce their SO<sub>2</sub> emissions. Thomas Denon, president of the Kentucky Coal Association, said that proposed targets and deadlines could have a devastating effect on his state. Last year, Kentucky produced 351 million tons of coal, and the industry employed 35,900 people directly in many mines, Denon noted. The mining companies offer the best wages available, and those wages represent up to half the industry payroll in some counties. He noted that 70 per cent of the state's coal production, when burned, goes off to produce power more than 500 miles from the mines. Although Denon's association was still assessing the proposals last last

week, he said that all but one of the nine-member Kentucky congressional delegation would oppose the President's targets and deadlines. For the utilities that have opted to produce electricity, the Bush proposals are similar to several previous coal reduction plans that did not become law because of intense lobbying by the coal and utility industries. But this time, public concern over the environment is too strong, and the law is based, to derail the

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American Electric's own or operates 19 coal-fired power plants in Ohio, Indiana, Virginia, West Virginia and Kentucky. Twelve of these are on the list of 107 generating stations that must cut their SO<sub>2</sub> emissions. If the United States is to meet the targets, American Electric would prefer to finish developing its clean-coal technology, White said. But he added that the company may be forced to install scrubbers instead.

**Enormous:** A major problem with scrubbers is that they produce huge volumes of sludge, which is half liquid and half solid. Because of the complex chemical reaction involved, a scrubber produces 70 pounds of sludge for every pound of SO<sub>2</sub> removed from the gases produced by burning coal, said White. American Electric has operated two scrubbers since 1970 at a generating station 120 km northwest of Columbus. The sludge was required to build an 800-ton disposal unit, which is an enormous but carefully designed pit that is lined with clay. Another problem is that the utilities will be installing new scrubbers, which may cost from \$240 million to \$400 million per coal-burning furnace, as plants built in the late 1960s or early 1980s. Said White: "It's like putting a new exhaust system in an old car."

The last long-term solution, according to White and other utility executives, is new coal-burning technology. After 15 years of development work, American Electric is scheduled to complete a \$185-million demonstration plant in July 1996, which is expected to produce electricity at 1.6¢/kWh, but only 36 per cent of the cost of the last generation is actually required, he said. At the new facility, combustion will occur at 470°C, and close to 40 per cent of the heat will be converted to electricity. As well, the new technology will assist with limestone injection to neutralize sulfur dioxide from the new furnaces to form dry gypsum power, which

the utilities collect from high to low. Probably's revenues should remain stable, because its low-sulfur sales will increase, he said. But the President's deadlines are too short to complete the development of new coal-burning technology, which is aimed at improving the efficiency of power plants and reducing the emissions, and Hoffman. As a result, probably will lobby to have the deadlines for reducing SO<sub>2</sub> emissions in two phases extended beyond 1996 and the year 2000. Without the development of clean-coal technology, White said that the company may be forced to install scrubbers instead.

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may eventually be suitable for use as a wallboard, said White.

While noted that, unfortunately, most of the clean-coal technologies have been developed by the electrical utilities will not be ready for wide-scale use until at least 2005. And it could take until 2020 or later before they are 50 per cent ready by the amount in Bush's proposals.

**Turned:** Executives at several coal-burning utilities predicted that the cleanup will mean higher rates for their consumers. But they said that they will have to wait for the legislation to pass before determining the use of the increases. When Lantz, vice-president of production and operations for Lexington-based Kentucky Utilities Co., said that about 50 per cent of the coal burned in the company's five plants exceeds the President's 1995 emissions standards. He estimated that complying with the standards will cost the company from \$120 million to \$150 million. The rates of Kentucky Utilities' 400,000 customers may increase by 20 per cent to 30 per cent, added Lantz.

Many observers also note that the mining companies and their workers have already experienced considerable economic turmoil over the past several years. Senator Robert Byrd (D-Ohio) said that plummeting rates of high-sulfur coal in the mining districts of southeast Ohio have wiped out 10,000 to 15,000 jobs over the last eight years. He urged to draw attention to the plight of the industry. Byrd and two other senators introduced a bill in the Ohio Senate last January to prohibit imports of Canadian electricity except during emergencies. He said that they also introduced the bill, which is unlikely to pass, because they believe that Canadian lobbying for acid rain legislation has been economically motivated. If U.S. power plants that burn high-sulfur coal are shut down, Canada could increase its electricity exports, he said.

But in many of the coal-mining districts of the eastern United States, there is also a recognition that the Bush proposals are the result of a fundamental change in society's attitudes toward the environment. West Virginia miner Minkler said that sales of the high-sulfur coal produced around Morgantown have dropped 40 per cent since 1990 because of concerns about acid rain. Despite her 38 years' experience, she is at the bottom of the employee seniority list because everyone knows that her job has been laid off. And life in Morgantown may well get worse, she said, because almost everyone recognizes that clean air means fewer jobs in West Virginia.

Byrd: bitter complaints



BY ARNOLD JENNINGS FOR  
WILLIAM LOWMYER FOR  
Morgantown

# GREENING THE PROVINCES

## THE ENVIRONMENT IS THE TOP ISSUE

**T**hey arrived in canoes, cars, recreational vehicles and on horseback, and when they gathered on the banks of Alberta's Oldman River, 150 km southwest of Calgary, last week, they came armed about 8,000. The attraction: a fundraising concert starring singer Ian Tyson and Sybil Tyson, Gordon Lightfoot and Murray McLaughlin and featuring guitarist David Suzuki, environmental activist and host of CBC-TV's *The Nature of Things* magazine. The celebrities gathered in canoes protest against the Alberta government's \$300-million project to dam the Oldman and flood 34 km of valley to provide agricultural irrigation. The project's chief opponent and the concert organizer—the 500-member Friends of the Oldman River Society—claims that the dam will destroy wildlife habitats and archaeological sites. But the government says that it will reduce 177 million tons the local economy during the 1967-to-1990 construction period and boost local agricultural production by \$42 million. 1991 alone. Such arguments had little impact on the protesters who stood on the bank of the Oldman River. They chanted when Suzuki said, "The bottom line is: do we have to live with the government, or do we have to live with the consequences of not destroying the environment of Alberta?"

**Issues:** The Oldman River concert was a graphic illustration of the broad-based prominence of environmental issues in Canadian politics. Recent public opinion polling consistently shows that preservation of the environment is one of the chief concerns among the majority of Canadians. Last November's federal election was the first in which the environment was the more issue among voters. And that shift in public opinion has produced a growing role on only of the federal government but of provincial governments and

certain sectors of private industry as well. Conflicts between environmentalists and governments remain—in the Oldman River controversy directly related, but even Alberta Premier Donald Getty's Conservative government has promised new environmental initiatives—including a wildlife conservation strategy and

been particularly noticeable in British Columbia. Despite questions from critics about Social Credit Premier William Vander Zanden's sincerity, the government has in fact taken action. In May it proposed legislation—expected to be passed this fall—that calls for the province's pulp-and-paper mills to reduce toxic dioxin and organic chlorine discharges by at least 50 per cent by 1994. The assessment came after years of protests from citizens and environmental groups over pollution of watersheds by the mills—and mills that have shown the Second coming well behind the provincial New Democrats. Said Environment Minister Bruce Stuchlik: "It is not just the mills but people we meet and talk to every day. There is a very real concern about the environment. You can equally look at how or why we have arrived at certain initiatives, but the important thing is that we have done them."

In some provinces, environmental disasters have contributed to the sense of urgency with which governments appear to be confronting environmental issues. A fire last August at a storage site for oil containing toxic fluids in the Montreal suburb of St-Eustache-In-Grand was potentially hazardous not only surrounding neighborhoods and forced 2,000 residents out of their homes for more than a week. In its aftermath, Quebec's environment minister at the time, Clifford Lesclapart, launched a 60-person investigation aimed mainly at preventing oil from leaking out of storage tanks. Lesclapart also added muscle to Quebec's already active Environment Ministry by increasing fines for corporate polluters to \$1 million from \$60,000 for second and third offences and adding up to 10 years in jail for individuals. **Focus:** During his three years in the portfolio, Lesclapart started the respect of environmentalists. But Lesclapart has put his past few December in protest over Premier Robert Bourassa's language policies, and Ontario's Attorney General Lin Baizant assumed responsibility for his portfolio. And so-

Suzuki at Oldman concert protesting the flooding of a valley

the establishment of an Environmental Round Table made up of private and public sector representatives. Said resource planner Anthony Dorrity of the University of British Columbia's Westwater Research Centre, which co-ordinates an research into water-quality policy: "People feel threatened by their food, their drinking water, the air they breathe. It's not just the special-interest groups—the public is leading the protesters."

The growth of environmental concern has

In Ontario, some of the government's initiatives have also elicited praise from environmentalists. One basis of Pollution Probe said that the case that previously hindered blue-box recycling program, which provides separate

dog that chases the wheels of a car. The driver has stopped the car, gotten out and asked the dog how to drive."

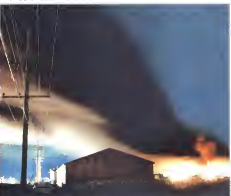
But the new emphasis on the environment is not restricted to the larger programs. In New

Critics have also noted that the province's stated commitment to the environment was not matched by spending in the March provincial budget. Said David Coss, policy coordinator of the Conservative Council of New Brunswick, an environmentalist organization: "If the environment is such a priority, why isn't the money there?"

**Criticism:** The New Scotia government of Conservative Premier John Buchanan has also been subject to its share of criticism on the environmental front. On June 7, almost 160 protesters picketed the provincial environment ministry offices in Halifax, saying that the department's name should be changed to the ministry of pollution. Business Canada spokesman for the ministry acknowledged that the province faces environmental challenges. Among the more serious: cleaning up Halifax Harbor. Said Coss at the picketers: "They weren't outside overnight and they won't be solved overnight." But he noted that the government's commitment is evident in seven new pieces of legislation and 10 new acts of regulations related to environmental improvements that it has produced within the past two years.

These initiatives have won the Buchanan government some praise. "There has been an incredible change in the last five years in the government's sensitivity to the environment," said ecologist Patricia Lane of the University of Halifax, who also lectures on environmental issues at the Harvard School of Public Health, part of Harvard University in Cambridge, Mass. 2001, the government's critics note that some of those new acts or regulations have not yet been passed—including the province's environmental assessment act, which contains provisions for heavy fines and jail terms for polluters. Said Floyd Day, president of the Eastern Shore Environmental Protection Group, a 3,615-member group based in Truro, N.S.: "The government has really done nothing. They won't clean up the environment because they think too many people will be laid off."

In Newfoundland, where the unemployment rate is almost 18 per cent, the province's chief priority is to attract industry and development. But the new Liberal government's Premier Clyde Wells has stated that there would be "a provincial conservation strategy for the sake of Newfoundlanders and Labradorians of the next century." Adele Prenter, president of the province's Wilderness Society, an environmental protection group, said that she was pleased



So-Bas-In-Grand PCB fire: Blaney (below) a new sense of urgency about the environment

garbage pickup for recyclable products such as glass and tin cans, it "extremely advanced—absolutely first-rate." He also praised the government's Municipal Industrial Strategy for Abatement, introduced in 1988 and designed to improve water quality in the province by cleaning up municipal industry by industry—not just for individual plants and factories.

**Focus:** For his part, Christopher Weller, research director with the Conservation Council of Ontario, an umbrella group for 20 provincial organizations, told McLaughlin that the province's environmental issues has created a new rule for environmental lobby groups long accustomed to being critics of government. Now, Weller said, they are being asked for their advice in establishing policies and programs. Added Weller: "It's like a

Brownlee, Premier Frank McKeen's Liberal government passed the Clean Water Act in May, which set maximum daily flows for any industrial, corporate or municipal polluter at \$1 million. The government has also broken its department of municipal affairs and environment into two separate portfolios, with the present minister, Vaughn Blaney, taking charge of the environment portfolio. Said Blaney, who has earned the widespread respect of regional environmental groups: "The public attitude on the environment has been phenomenal, and I think we will all agree with our peers down."

S&L Blaney acknowledged that funding for environmental initiatives is in big problems for New Brunswick and the other poorer provinces. "I do not think that we will ever have enough money to address all the concerns," he said.



Blaney, Minister of Environment

only stopped when one of the first acts of the Wells government was to order a temporary halt to the use of the toxic chemical herbicides, used to combat hemlock logger worms in the province's forests. According to a senior government official, implementation has some effects on small birds, pollinator insects and some forms of aquatic life. Added Poyette: "Wells [Wells] was in opposition, he promised to do it, and he did it."

**Chen:** Meanwhile, some environmental protesters have turned to the courts in their efforts to stop projects that they consider to be harmful. In Saskatchewan, the Canadian Wildlife Federation brought construction of the \$1-billion Kallinay-Kawanda power project in the south-eastern part of the province to a halt by suing both the federal and provincial governments on the grounds that the project—which calls for the construction of dams on the South River and Moose Mountain Creek—would destroy wildlife habitats. As a result of the suit, on April 10 a Federal Court of Canada judge revealed the federal licence for the dam, saying that Environment Canada had relied on provisional environmental impact studies without conducting its own review—as required under the federal Environmental Assessment Review Order. Since then, Ottawa has acknowledged that not enough is yet known about the potential impact of the project. Environment Canada



Bourchard: a real plan and the money to implement it by year's end

has now completed an initial environmental evaluation and is opening public meetings in not only Saskatchewan but also Manitoba and North Dakota, through which the Swains flows. But for its part, the Saskatchewan government says that it has conducted

over the environment.

**HAL QUINN** is Vancouver's **DAILY NEWS** editor; **BARBARA KOCKEN** is Toronto and **GLEN ALLEN** is Halifax

## I UNDERSTAND IMPATIENCE'

*Jason Bourchard has served several years as federal environment minister, including membership on the right-to-life advisory committee that sets the government's weekly agenda. And the Ministry government has made raising up the environment one of its top priorities. Still, opposition exists and many environmentalists say that Bourchard has accomplished little in his 18 months in the post. But Michael Maclean's Ottawa Correspondent Lisa Van Dunne spoke with the minister about his strategies on everything from garbage dumps to wilderness lands under threat. Here are "reworked bits." Example:*

**Maclean:** *Are the complaints fair?*  
**Bourchard:** I understand the impatience. They are right that we need action. And

sometimes it looks as though all our politicians do is talk and deliver speeches. But we are working hard within the department and in the cabinet's environment committee to develop a global plan for the government.

**Maclean:** *What does that, I see mind?*  
**Bourchard:** It is a huge undertaking. Our goal is to harmonize all of the government's environmental policies in different departments. We have to get the central agencies of government on board and work fine with the government's political agenda. By the end of the year, we should have a real plan and the money to implement it.

**Maclean:** *What else are you doing?*  
**Bourchard:** We are working on two major projects. The first is to implement a fund for the cleanup of oil-spill sites. We still need to get a chance picture of the different environmental standards in each province and work out a cost-sharing formula between the federal and provincial governments. The other project is to establish national standards to reach the target of a 50-per-cent reduction of municipal

waste in Canada by the year 2006.

**Maclean:** *Do you find the demands for immediate action frustrating?*

**Bourchard:** Of course. I think people are desperately looking for answers, and when you are environmental minister they expect you to deliver. But we have to take the long because it takes time to do these things. Governmental groups are very active and very vocal. Last week, I had an experience that suits my problem. We were in Montreal to launch a cleanup plan for the St. Lawrence River. At the same time, industry representatives got up and said they were very upset about our plan to cut 30 per cent of the industrial discharges into the river. At the same time, people from Government indicated a 50-per-cent reduction in municipal waste by the year 2006. But there is a way to do it—develop a lot of pressure on me. I trust that we will deserve the confidence of the people but we need time. And we need the help of the provinces. □

of exhaustive environmental impact studies for the project and has launched an appeal of the Federal Court decision. That appeal is scheduled to be heard this week.

**McIntyre:** In Alberta, the Friends of the Oldman River Society have also appealed to the courts to stop the project. The society's president Cliff Wiles: "The government is just singing Lowly Times about the dam. There are cheaper and more efficient ways to generate the land methods that don't destroy the environment." In its efforts to stop the project, the society has launched six legal actions since 1987, trying to get the licence for the dam quashed on the grounds that Ottawa has not done a proper environmental assessment of the project. Last week, the Federal Court in Edmonton advanced a decision in the case and July 24, Martha Knirsch, a spokesman for the Friends of the Oldman Society, said that the delay will give the organization "more time to put together an assessment." Clearly, despite the growing of governments across Canada, there will continue to be hard-fought battles

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## SAILING THROUGH INEXPERIENCE

Adventure Jeff Maclean says that if he had been a "real sailor" he would never have carried out his dream of becoming the first to travel the Northwest Passage in a nonmotorized sailboat. The son of Canadian Arctic explorer Jon Maclean said that he was still an inexperienced skipper when he decided to navigate the passage in an 18-foot catamaran. Added Maclean, 28, who relives the treacherous journey with partner Mike Beaudet, 31, in his newly released book, *Polar Passage*: "Luckily, the sponsors never asked if I was qualified."

## Radical style

A 130-lbner from old Disney Disneyland is making a comeback as a rebel. The member of the strict Mormon Church and writer-actor-singer singer has traded his bubble-gum pop music for hard-rock funk. "This is me, some of people don't like it, that's their problem," said the Los Angeles resident, who recently released Disney Channel's first album in 10 years. The singer—who had 23 hit records before he turned 21—began performing in 1980 with his four older brothers in a group known as the Osmond Brothers. But, steadily repudiated in 1983 after his TV salary dried, Darryl and Marie, in which he had lost interest for three years with his younger sister, was caucased. Now, after years of working on a new sound, the singer said that he wants to tour once again but added that he will wait until his fans get used to his latest style. Said Darryl, "The last thing I want is for people to come and expect to hear my old stuff—because I'm not going to do it."



Osmond making a comeback

Now, after years of working on a new sound, the singer said that he wants to tour once again but added that he will wait until his fans get used to his latest style. Said Darryl, "The last thing I want is for people to come and expect to hear my old stuff—because I'm not going to do it."

## IN SEARCH OF CHARACTERS

When Peter Onorowski, 54, was taken—last interviewer and last hour in public radio—at last week's national radio awards, he thanked his old Merryville crew for their help. But after Vancouver-based impresarios Bob Robertson, 43, and Little Collins, 30, won her their cat comedy series *Double Exposure*, they said that they could use more help—from funny-writing politicians. Added Robertson: "I've got my professional fingers around that Jon Christie will make a comedian—we need his voice."



Rings, Queen Elizabeth: highest order of chivalry

## Royal pride of a knight

Although he has often mingled with royalty, Ronald Reagan has always reserved his crown-wearer status—until last week, when Queen Elizabeth II made him an Honorary Knight Grand Cross of the Most Honourable Order of the Bath, Britain's highest order of chivalry for a foreigner. Since the headlined a honorary, Reagan was ennobled for the sake of his knowledge and being crowned with a sword. Instead, the former president stood at a private ceremony to receive a silver-and-glass star and crossed silk sash. Said the Queen: "God's drop them."



Mod swimsuit designs for sky scenes

## MODEST SHOWINGS

Model Jerry Hall has been photographed in dozens of suggestive outfits over her 17-year career, but she realizes that she is still truly shy about showing off her six-foot figure. In fact, Hall, 32, said that she recently designed a modern swimwear collection to help out other women who are just as self-conscious as she is. The *Los Angeles Times* resident, who said that her design features garments showing around the lower bottom half of the swimsuits, added, "I believe slightly bigger swimsuits are better." Hall knows whom she speaks. She commands a modeling fee of \$10,000 a day.

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# SUMMER OF SUPERHEROES

It is the season of superheroes. On movie screens across North America, Hollywood gladiators are battling it out for the summer box office. In *Batman Returns* and the *Lost Crusade*, the world's most outgoing archeological finds of *Nine* with a leading and a peeper. In *Star Trek VI: The Undiscovered Country*, the crew take yet another spin into uncharted depths of the galaxy. *Ghostbusters II* brings back the Boney Boys of horror comedy, confronting a fresh infestation of ghosts with smart resources and special effects. Now, *Batman*, the one superhero among the four big summer releases

## BATMAN AND GHOSTBUSTERS II ARE GLADIATORS BATTLING FOR THE SUMMER BOX OFFICE



Katana. *Hybrid*: ghostbusters return to confront a new infestation of phantoms

brings to life the dark knight of comic-book legend with devastating originality and style. The season presents an unprecedented display of Hollywood firepower. Each of these four movies is being shown on more than 2,800 screens in North America. Each can more than \$35 million to produce. And studio executives are predicting that summer box-office sales will surpass last season's record \$2.3 billion. *Indiana Jones* has already set a winning pace, earning \$125 million in its first three weeks. And with all the buzz surrounding *Ror*

man before its June 23 opening, that movie is fast becoming a contender. The merchandising campaign for *Batman* spin-offs—from T-shirts to toys—has already become a blockbuster enterprise.

There are other challengers in the action-movie marketplace. Barely tapping the heels of *Batman*—and opening on the same day—*The Rocky Horror Picture Show* is another weight formula to a third round. In July, *Leslie Wayne II* brings back the glib hostess of *Mel Gibson* and *Dustin Glover* as Los Angeles cops,

and *Looney* to *Kill* sends James Bond on his 18th top-screen mission. Then, in August, an endless thriller titled *The Alien*—perhaps the biggest picture in a sequel-saturated summer—adds a \$48-million splash into treacherous waters.

For now, the most astounding box-office showings in shaping up between *Batman* and *Ghostbusters II* both are comic-book, live-action adventures. Each has a sound track spiked with potential hits—Prince, the capped rocker, recorded four songs for *Batman*, and the popular rap group *3rd M.C.* provided a punchy-up version of the *Ghostbusters* theme for the sequel.

Both movies are supported by huge merchandising campaigns. The impending release of *Batman*, combined with the 50th anniversary of the comic book, has triggered a deluge of bat products since last fall. In Canada, the Montreal-based clothing manufacturer Nord (see *Dragon* list, has already sold more than 200,000 T-shirts emblazoned with the bat symbol—it is \$16 to \$20 apiece retail. Bat toys, bat watches, bat chocolate and even a bat bed. And, *Justice Devotion*, the executive who heads the licensing division of Warner Bros. (see *Dragon* list) "We're talking worldwide *Batman*." *Ghostbusters* has already opened its own merchandising boom, fulfilling a prophecy made by *Mr. Murphy*'s character, Dr. Venkman, in the first movie. As the ghostbusters go into business, he predicts that "the invisible rights since will make us rich beyond our wildest dreams." All right, but the original movie produced two top-rated TV cartoon series—*The Real Ghostbusters* and *Scooby*—and the *Real Ghostbusters*—and a popular line of toys. *Batman* and *Ghostbusters II* present a double-whammy of merchandise. One movie endorses *Dragon*'s cartoon series, the other sports a whole cartoon logo reminiscent of *Casper* the Friendly Ghost. The *Batmobile* is dark, sinister and black, an armored rocket on wheels; the Eco-



Keaton, *Batman*: an angry hero in a saga powered by an operatic sense of melodrama

mobile is a clumsy old automobile, painted white and decked with flashing lights. *Batman* presents a dark, violent vision—too frightening for the young children who will be playing with toy replicas of its *Batmobile*. *Ghostbusters II* is a sweet, nice, self-mocking comedy—it makes the supernatural safe for the whole family. Both movies are set in cities that are alive with music and run by hipsters as they assemble New York City's Ed Koch. But while *Ghostbusters II* actually takes place in contemporary New York, *Batman* creates its

own world, a nightmarish concoction of Manhattan known as Gotham City. Although *Ghostbusters II* may have wider appeal, *Batman* has provided a greater sense of anticipation than any other Hollywood offering this year. The movie lives up to the hype—but also shatters expectations. Audiences looking for the sort of straightforward escape provided by most top-budget action pictures are in for a shock. *Batman* goes beyond good and evil. Black-humored, beautiful and scary, it is powered by an operatic sense of melodrama—a sickle-wheeled chariot that cuts through everything from the forbidding architecture of the sets to the gothic melodrama of the sound track.

For the past year, comic-book fans have complained that self-righteous Michael Keaton had an ominous presence as the cache character of *Batman*. But Keaton's offbeat casting is just one element of a vision that plays havoc with Hollywood formula. As the vigilante who calls himself the Joker, Jack Nicholson outdoes himself with a brilliantly subversive performance. He plays a cackling psychopath, a self-proclaimed "humorist artist" with a passion for mass murder

that he often seems more sympathetic than *Batman*. The devil has never looked so good. And he gets all of the best lines. "Can somebody tell me," asks the Joker, "what kind of world we live in when a man dressed up as a bat gets all my press—this town needs no news."

Although Nicholson steals the show, Keaton

is powerfully understood as Bruce Wayne, the troubled millionaire who leads another life as Batman. Haunted by the murder of his parents, who were gunned down in front of him when he was a boy, he is an outsider with a disturbing streak of cruelty. In *Batman's* previous life last week, Keaton said, "I'm Batman as dark, depressed, angry—sorry because he is up all night—a vigilante, and almost funny in spots of humor." The movie takes place at the start of the hero's career. As the story begins, Batman is just a mysterious vigilante swooping down into the dark corners of a corrupt city. And the Joker is just a prominent gangster named Jack. But in his first battle with Batman, Jack's face is horribly disfigured. Desecrating the demands with which making, accident, hatred and great fear, he re-emerges like the Phoenix of the *Opus* of a heroic season. A sophisticated terrorist, the Joker smokes chemicals into toxic products that cause people to die laughing. He hijacks the screens interrupting TV newscasts with his own image. And in the movie's most anastomotic scene, he and his henchmen dance through an art gallery depicting previous paintings to the brass-knuckled beat of a Prince song playing as an occasional cassette in the shadows.

Moving forward with violence, the Joker scores a little prize. He catches his girlfriend, a sexy blonde played by Mick Jagger's companion, Jerry Hall, and then uses her as bait to lure Vicki, a slightly dim girl played by Kiki Layne. A photographer who is a pet partner of *Batman* in action, Vicki catches a lead with Wayne before discovering his secret identity. Lacking the quip of *Superman's* Lois Lane, Vicki is a blond babe—a helpless creature women clinging to her hero's ability. But in *Batman*, she is a girl in Gotham City as far as *Batman* is concerned. *Batman* is even less of a woman's movie than it is a children's movie. Vicki's romance with Wayne is the one area where the movie gets stilted by the cheap movement of Hollywood cliché. But at least Vicki runs an interesting narrative—that her boyfriend may be set on destroying the Joker.

*Batman's* style—dark black and bullet-proof—carries the forbidding, moody atmosphere of Gotham City. It is a compressed Manhattan of skyscrapers, a wicked city of gargoyles and flying buttresses. And it provides an extraordinary playground for the hero and his enigmatic armor—his costume, his *Batmobile* and *Batwing*. The movie is a carnival of macabre, with Indiana and technology ranging from the 1930s to the 1990s. *Batman* wears bellows and carry cameras with lotus buds, but these world-classer color TVs and telephone answering machines. Built at Pinewood Studios in London, *Gotham* is the biggest studio movie set ever erected in Europe since *Chaplin* was filmed in the early 1960s. Explaining his concept of *Gotham*, British production designer John Farrow says he imagined that "it had grown through the pavement and kept on growing."

The Joker and *Batman*, needed products of each other's troubled characters, are ultimately both overshadowed by Gotham City—and by

Nicholson: the Joker is a cackling psychopath with a passion for mass murder



the dramatic ethos of the movie's gifted young director, Tim Burton. A 30-year-old American who once worked as an assistant for Walt Disney Studios, Burton specializes in making the indelible link out of his academic to creative dream worlds. For *Mr. & Mrs. Smith* (1985) and in *Beetlejuice* (1988), which starred Raton as a comic demon, but with Raton as a screaming in another league. "I have never been involved in something as this scale before," Burton told *Mr. & Mrs. Smith* (1985) and in *Beetlejuice* (1988), which starred Raton as a comic demon, but with Raton as a screaming in another league. "I have never been involved in something as this scale before," Burton told *Mr. & Mrs. Smith* (1985) and in *Beetlejuice* (1988), which starred Raton as a comic demon, but with Raton as a screaming in another league.

With *Black*, loaded bar and a punkish frame, clad in black jeans and a black sweat shirt, Burton looks of more like a rock musician than the director of a mainstream movie. And he seemed surprised by the initial *Black* publicity. "With my background, there is always the danger of a backlash," he said. "With this kind of big style movie, I don't know what people expect, if they expect to see that clean-cut, good-son-of-a-bitch thing you get in *Black*." He added, "I find it more interesting to leave things open to interpretation." *Black* over *Black* character would sound the production right from the start. The director says that he has always seen Raton as "a screwed-up guy" rather than a straightforward hero. Said Burton: "I have tried to justify people's expectations."

While Raton's fresh and bold here was sequenced by a cartoon, the reverse process has taken place with *Black*. The original installment—the top-grossing movie comedy in history—was based on a blueprint by its reluctant Canadian star, Dan Aykroyd (age 50). After his release in 1984, it generated the two TV cartoon spin-offs which in turn have created a new generation of *Black* fans. Canadian producer-director Ivan Reitman calls the sequel "just classical family-sadness picture—we know that five-year-olds are going to see it and that adults are going to use it."

Although it seems commercially advisable, the sequel seems to be expected to relegate the magic and surrealism of the original. *Black* was a success story about a gang of invisible men who have the nerve to tell themselves as supernatural pest-control experts. The sequel, taking place five years later, is a comeback story. After rebelling parts of Manhattan to rubble in the first movie, the ghostbusters have been ordered by the courts to abandon their profession. Smooth-talking Dr. Venkman has become the host of a cable TV show about psychic phenomena. Egon (Harold Ramis) has disappeared into research science. Ray (Aykroyd) and Winston (Rick Moran) still wear the Ghostbuster uniforms, but use them to entertain children at birthday parties.

The saga gets back together after receiving a distress call from One (Sigourney Weaver) complaining of renewed harassment by the

forces of darkness. The spirit turns out to be the demonic ghost of a 16th-century tyrant, lurking in a painting of the art museum where she works. With a possessed routine as his go-between, the ghost has evil designs on Raton's lady. And his vengeance is connected to a 30-year quest of supernatural evil that is swirling beneath Manhattan. Coming up through the pavement, the slime leads off the remains of New York—just serves to the main metaphor in a parable of power and love.

The first movie worked its charms with cleverness, ingenuity, clever special effects and a great sense of awesomeness. Like the original, the sequel never combines self-promotion with self-awareness. It is a package that offers more grace, richer special effects, a laserer full



Shoreline, Nimoy: the latest *Star Trek* saga returns to the barren reaches of space

Moray and a series of Signatory Women. The characters all came into their focus. And as if to compensate for the loss of coexistence, a scene-striking eight-month-old baby named Oscar figures prominently in the plot. But despite some fabulous scenes, the sequel seems too carefully contrived, celebrating the ghostbusters' popular appeal with the dreamy essence of a homecoming parade.

The film-makers lauded before mounting themselves in a sequel. Producer-director Reitman had never made one before, although studio executives have requested sequels for every one of the five hit comedies that he has produced or directed, from *National Lampoon's Animal House* (1978) to *Turbo* (1989). "I have genuinely stayed away from sequels," he said. "But with *Ghostbusters*, we thought the story could be pushed, and the more we talked about it, we just started gelling." Added Reitman, "My greatest concern is that the dream of surprise is gone."

Among the cast, there was uneven enthusiasm for a sequel. Its biggest star, Bill Murray,

was the most reluctant to get back into ghost-fighting gear. "I thought it would be really stupid that we were doing it for the money," he told *Mr. & Mrs. Smith* (1985) and in *Beetlejuice* (1988), which starred Raton as a comic demon, but with Raton as a screaming in another league. "I don't see a limit to it," he said. "As far as I'm concerned, if everyone wants to get together and do this again next year, we would figure out a story and do it." For his part, Raton takes a second look. "The message is bigger than we are," he said. "And there is a great familiarity in putting on the costumes...I've often felt like one of the *Star Trek* crew."

The ideal gang of heroes returning to the screen this summer is, in fact, the crew of the

starship U.S.S. Enterprise. Starring the original cast of the widely syndicated 1960s TV series, *Star Trek V: The Final Frontier* turns the galaxy into a next home for land space cadets. Montreal-born actor William Battistero, 56, is back at the helm as Captain Kirk, and Leonard Nimoy, also 56, repeats his role as the mercurial Vulcan Mr. Spock. DeForest Kelley (Flacoz) is 68, as is Vancouver-born James Doohan (Scotty). With the latest sequel, the *Star Trek* legend itself slips from comicbook to reality. The movie marks the directing debut of Shatner, who also co-wrote the script. But it highlights years short of the standard that Nimoy set in directing *Star Trek IV: The Voyage Home*. That 1986 movie, which brought the Enterprise crew down to Earth and into the 20th century, achieved a comic rarity that even the *Treks* could appreciate. It also earned \$154 million at the box office, more than any other *Star Trek* movie.

The *Final Frontier* returns to the barren reaches of space, where only the starboard of dubits thrives. Unlike *The Voyage Home*, which

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### FILMS

explored the coast of contemporary California, it was filled in dozens of scenes off in remote places. As the story begins the crew is on shore leave. Defying gravity and age, Kirk gains rock-climbing in Yosemite National Park. And, armed a dagger, he tries to track Spock to the Ring. The Star Trek film, that the comedy genre is under a new wave from off to social horizons on a brother planet. There, the Enterprise is lashed by an evangelical terrorist on a collision course with God, who apparently lives on the other side of the Great Barrier in the heart of the galaxy. God can't be a subtle special effect. And with Shriver in command behind the camera as well as in front of it, Star Trek finally seems to have run aground.

A more experienced Canadian director, James Cameron—who made the hit space movie, *Alien* (1986)—is now putting the finishing touches to his long thriller, *The Abyss*.

Based on a short story that he wrote in a high school student in Niagara Falls, Ont., it was filmed last year in its abandoned nuclear power plant in North Carolina—accidental to the largest underwater movie set ever constructed. Cameron has an excellent track record. But excitement in 1988 Century Fox has reason to be nervous. Before this year, two other underwater thrillers, *Lonechase* and *DeepStar Six*, sank without a trace. Fox said that it had planned on a July release but postponed it to August, because the special effects were not ready. But, as a rare movie, the studio showed a half-hour extract to critics in early June—a test for attention in a crowded market.

Overlooked by the heavyweight action movies, a few other films are vying for the box office. *Great Balls of Fire* chronicles the life of a blues singer, rock 'n' roller Jerry Lee Lewis. And *Samurai's Blood* (MGM), who plays the phantasmagorical "lancer" in *Gladiator*, it

stars in the comedy *Money I Should Be Rich*. But in the Hollywood Summer Olympics, the favored contenders are the sequels. Competing for the hearts of moviegoers, their superpowers seem eager to show their vulnerability. Indiana Jones leads off the German army but troubles before his father. A ghostbuster goes down-eyed over a lady. And the Star Trek crew undergoes a group therapy. Traditionally, the Hollywood bios are solitary mental exorcism by extraordinary circumstances. But now, however, is out of the ordinary. He is stranger and more. Defeating the audience's desire to identify, he displays less wit and passion than the villain he is destined to subdue. Hollywood has produced a rapid batch of superheroes, but there is a jitter in the pack. And he may have the last laugh.

ERIAN D. JOHNSON with ANNE GREGG in Los Angeles and JAMELA JOHNSON in Toronto

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## Sharp elbows and the media barons

BY ALLAN FOTHERINGHAM

There was a time when I used to turn to the sports pages first. Maybe because I like blood. There's nothing like a few drops to remind us of the ethic of our national sport as laid down by the immortal Conn Smythe. "If you can't beat 'em in the day, you can't beat 'em on the ice." It's what has made hockey what it is today: pre-writing on a frozen pond.

But even if there is no blood, where there isn't supposed to be blood, the sports pages always offered good and clean, coaches talked on Christmas Eve. Harold Ballard doing something monumentally stupid, lawyers looking down, athletes either drunk or drug addicts, clubs going bankrupt and being sold or moved or closed down. The sports pages, for the most viewer, was where the action was—none of that dull politics.

No more, however. The sports pages look like the shit today in comparison with the rest of the newspaper. That's where the newsmen are taking place. Corporate giants all over the carpet, expanding and taking the best sites. Biggie's bigger than Ford and he's taking them back. Our eyes and brains and livers and consciences and whatever artists stoppage on their carpets.

Time magazine. Remember Time magazine? The most arrogant journal ever devised, the journal that used to destroy politicians and pop presidents and rock-band music wars and was feared by most everybody who could read. The mighty organ that spread *Life* and *Newsweek* and *Sports Illustrated* and *People* magazine and a cable-TV empire and what else. Time has today in being shipped around like a hapless wheel inside the Wall Street wheel, a mere bit of fatness in the wild world of commerce.

Time, it seems, was about to surge with Warner Communications, which would bring out being the largest information outlet on the globe. This, apparently, was supposed to be good for me and time, and to amuse the Time shareholders. Just before the papers could be signed, Paramount Communications made a



hostile bid for Time Paramount, until the week previous, was known as Gulf + Western, which on Wall Street was popularly known as EdGulf + DeWoe.

Well, that's you have to realize, is either like the best yard. One one chicken heads, all the rest jump on the wounded one. Once it was realized that Time could no longer beat up on world leaders but was just a back of support. The millions moved a General Electric conglomerate a bid. So did Robert Maxwell II and Sir James Goldsmith, big media buyers from Britain, got to mention Rupert Murdoch.

Berlusconi, the West German media mogul, took a look, so did Hechtel: the big French publisher.

Best of all, one of these bankers as far as the bid was needed, the Swiss bank company. Delicious coverage? Time owned by a Swiss company, its power was increasing, dipping over all that and peace. Where is Henry Lutz now?

Whereing it was grow, fast enough to whip up a fatigued snail.

The guy responsible for all this is from Winnipeg. Ross Johnson wasn't content last year with being a coal millionaire as boss of the 4th National Congress (and a close friend of B. Malcom). He wanted to be a billionaire and arrived today with his own company with some-one else's money and a supposed personal profit of \$100 million. When the big letters from Wall Street came in and taught him a lesson and eventually lost \$25 billion and bankrupt him, he confessed he was only "a country boy" compared to what he had just seen.

What the country boy had demonstrated was that there was no one too big to be taken over. Conrad Black, who owns the *London Daily Telegraph* and *The Spectator* and *Saturday Night* and a piece of *The Financial Post*, has just bought the *Jerusalem Post* and is adding at the *Daily Express* group and has started to with five per cent of Southern Newspapers. Murdoch buys an empire the size of Siberia every week. The Thomson empire gobble up while companies like *Salad* go bankrupt.

With money Time got a piece of action on the scene of life, this is more fun than hockey. Sorry if Japan is refused to be taking a jump at Paramount. Three major Wall Street firms have been ranging Europe looking for a big media house to attack Paramount—just naturally on the instructions of Time. It is just a financial version of looking for a Dave (The Paramount) Schultz, leverage force searching for their own Dave (Clay) Williams.

The kind of leveraged buy-outs and hostile takeover and poison pills and white knights, you see, is not much different at all from the arena where Conn Smythe set the rules. Guy Bellamy had his accident going steady on the bench to substitute if anyone dared mess up Wayne Gretzky's features, and the world of finance operates by the same rules. If supposedly precise Time is jumped by some vulgar Hollywood type, the latest micro-cams called apartment bankers go over the boards to renege and knock them out take-over deals.

The guys at Paramount, being over 21, know this and keep their elbows high, rather like Chris Chelios seeing Ron Hextall coming out of the net leaving a chopping arm in the first seconds. It's all the same, quite cinematic.

I've altered the order as which I read the newspaper sections these days, but nothing much has changed—they just have different numbers on the backs of the sections.



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